

Calendar No. 1232

93d CONGRESS }
2d Session }

SENATE

REPORT
No. 93-1299

LEGISLATIVE COUNSEL
FILE COPY

FOREIGN ASSISTANCE ACT
OF 1974

REPORT

OF THE

COMMITTEE ON FOREIGN RELATIONS
UNITED STATES SENATE

ON

S. 3394

TO AMEND THE FOREIGN ASSISTANCE ACT OF 1961, AND
FOR OTHER PURPOSES



NOVEMBER 20, 1974.—Ordered to be printed
Filed under authority of the order of the Senate of November 26, 1974

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1974

42-562

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(II)

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(III)

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93D CONGRESS }
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REPORT
No. 93-1299

FOREIGN ASSISTANCE ACT OF 1974

NOVEMBER 29, 1974.—Ordered to be printed

Filed under authority of the order of the Senate on November 26, 1974

Mr. HUMPHREY, from the Committee on Foreign Relations,
submitted the following

REPORT

[To accompany S. 3394]

The Committee on Foreign Relations, to which was referred the bill (S. 3394) to amend the Foreign Assistance Act of 1961, and for other purposes, having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

PRINCIPAL PURPOSES OF THE BILL

The principal purposes of the bill are: to authorize appropriations totaling \$2,673,126,000 for the 1975 fiscal year for certain foreign economic, military assistance and credit sales programs; to establish policy guidelines and limitations concerning United States assistance to and involvement in Indochina and to phaseout the military grant assistance program and United States military missions abroad.

The amount recommended by the Committee represents a reduction of \$579,100,000, or 18 percent, in the Executive Branch request.

SUMMARY OF MAJOR POLICY PROVISIONS IN THE BILL

I. INDOCHINA

1. *Policy.*—States a Congressional policy concerning the political/military situation in Indochina and principles to guide the U.S. economic assistance program.
2. *Spending Ceilings.*—Imposes fiscal year 1975 ceilings on obligations for assistance to Indochina: \$1.27 billion for South Vietnam; \$377 million for Cambodia; and \$70 million for Laos.
3. *Project and Program Authorizations.*—Authorizes funds for economic assistance to South Vietnam, Cambodia, and Laos by specific project or program.

(1)

4. *Personnel Ceiling in South Vietnam.*—Imposes a ceiling on U.S. direct hire and contract personnel in South Vietnam of 4,000 to be reached within six months after enactment and a further reduction to not more than 3,000 by the end of fiscal year 1975. Personnel of humanitarian relief agencies are exempted from the ceiling.

5. *Transfer Authority.*—Allows military aid funds to be used for economic assistance purposes.

II. MILITARY ASSISTANCE

1. *Phase Out of Military Grant Assistance and Military Missions.*—Requires a phase out over a three-year period of military grant assistance and United States military aid missions to foreign countries.

2. *Costs of Military Missions.*—Requires that all costs of United States military missions abroad must be charged against appropriations for military grant assistance, beginning in FY 1976.

3. *War Reserve Stockpiles for Foreign Countries.*—Requires that any stockpiling of military equipment or material for foreign countries be financed out of funds appropriated for military assistance. No material can be provided to a foreign country from previously stockpiled materials unless the cost of the materials is charged against funds appropriated for the regular military assistance program or military aid to South Vietnam.

4. *Authority to Draw on Defense Stocks.*—Repeals the authority to draw on Department of Defense stocks for the purpose of providing additional military grant assistance to foreign countries.

5. *Excess Defense Articles.*—Tightens restrictions on the use of excess defense articles for foreign military aid by requiring that all grants of excess articles be charged against funds for military aid and by limiting FY 1975 excess defense article grants to \$150 million, based on acquisition cost.

6. *Military Aid to Korea.*—Imposes a ceiling on military grant aid and credit sales to Korea of not more than three-fourths the FY 1974 level and phases out such assistance over a three-year period.

7. *Arms Sales Through Commercial Channels.*—Prohibits government procurement of arms for economically developed countries if the equipment or material is available through commercial channels.

8. *Interest Rate On Credit Sales.*—Imposes a minimum interest rate on credits extended to foreign countries for purchases of arms under the Foreign Military Sales Act of not less than the interest rate paid on Treasury borrowings of comparable maturity.

9. *Military Aid to Chile.*—Prohibits military assistance to Chile.

III. GENERAL

1. *Israel.*—Authorizes \$339.5 million in economic assistance and \$300 million in military credits for Israel.

2. *Chile.*—Imposes a fiscal year 1975 ceiling of \$55 million on economic assistance to Chile.

3. *Police Training*.—Prohibits use of foreign aid funds for training foreign police, prison, or other law enforcement forces.

4. *Disaster Relief*.—Authorizes the use of approximately \$110 million in loan reflows to meet humanitarian and reconstruction needs in Cyprus, Bangladesh, the Sahel and any other disaster areas.

5. *Africa*.—Calls for greater emphasis on Africa in U.S. assistance efforts.

6. *Covert Operations*.—Prohibits any non-intelligence-gathering covert activity abroad unless the President has first informed Congress of the importance and nature of such activity.

7. *Contributions to UNESCO*.—Prohibits U.S. contributions to UNESCO until that organization has repealed all resolutions not of an educational, scientific, or cultural nature.

8. *Presidential Waiver*.—Authorizes the President to waive any prohibitions on assistance to countries because they are trading with a designated country.

AUTHORIZATION OF APPROPRIATIONS

Last year Congress approved a two-year authorization of appropriations for foreign economic development assistance but only a one-year authorization for the military assistance and sales programs, security supporting assistance, and the Indochina reconstruction program. This bill authorizes appropriations for fiscal year 1975 totaling \$2,673,126 comprised of \$2,447,000 for economic assistance to Indochina (other than Public Law 480 assistance), security supporting assistance, a new Middle East contingency fund, and the foreign military assistance and sales programs; \$298,400,000 in supplemental authorizations for other economic assistance programs; and \$27,726,000 for United States contributions to meet the expenses of the International Commission of Control and Supervision in Vietnam.

For many years the Committee on Foreign Relations has urged that military and economic assistance authorizations be considered in separate bills. In reporting a bill containing authorizations for both economic and military assistance the Committee recognizes that on the surface its action appears inconsistent with its traditional position. However, this is a unique bill where military and economic aid issues are inextricably combined. In Indochina, for example, the Committee believes that the Senate should consider the total flow of United States resources into South Vietnam, Cambodia, and Laos and that it would be inadvisable and confusing to try to deal with policy toward those countries in separate economic and military aid bills. Similarly, in the Middle East, the Committee's singling out this region for special attention has resulted in a mix of economic and military aid authorizations.

Next year the Committee fully expects to deal with foreign assistance authorizations in two separate bills.

Table I itemizes the authorizations recommended by the Committee:

TABLE I.—FOREIGN ASSISTANCE AUTHORIZATIONS RECOMMENDED BY THE COMMITTEE ON FOREIGN RELATIONS
[In thousands of dollars]

	Fiscal year 1975 au- thorization request	Committee recom- mendation	Difference from request
1. Food and nutrition.....	255,300	1 239,000	-16,300
2. Population planning and health.....		1 20,000	+20,000
3. Education and human resources development.....		1 2,000	+2,000
4. Gorgas Memorial—Panama.....		1 500	+500
5. International organizations and programs.....	3,900	1 36,900	+33,000
6. Indochina postwar reconstruction.....	939,800	617,000	-322,800
7. Security supporting assistance.....	385,500	675,000	+289,500
8. Middle East Special Requirements Fund.....	100,000	100,000	—
9. Military assistance program.....	985,000	550,000	-435,000
10. Foreign military credit sales.....	555,000	1 405,000	-150,000
11. International Commission of Control and Supervision in Vietnam.....	27,726	27,726	—
Total.....	3,252,226	2,673,126	-579,100

1 Supplemental to current authorization.

2 Of this amount, \$100,000,000 is to be in the nature of a grant to Israel.

Table II compares the Committee's recommendations with authorizations and appropriations for fiscal year 1974 and shows the appropriation request for items for which there is a current authorization.

TABLE II.—COMPARATIVE DATA ON FOREIGN ASSISTANCE ACTIVITIES, FISCAL YEARS 1974 AND 1975
[In thousands of dollars]

	Fiscal year 1974		Fiscal year 1975 request 1		Committee recommen- dation
	Authoriza- tion	Appropria- tion	Appropria- tion	Authoriza- tion	
Development assistance:					
Food and nutrition.....	291,000	284,000	546,300	2 255,300	239,000
Population planning and health.....	145,000	135,000	145,000	20,000	2 20,000
Education and human resources.....	90,000	89,000	90,000	—	2 2,000
Selected development problems.....	53,000	40,500	53,000	—	—
Selected countries and organizations.....	39,000	36,500	39,000	—	—
Total, functional development assistance.....	618,000	585,000	873,300	2 255,300	2 261,000
International organizations and programs:					
UNDP and other programs.....	150,000	125,000	153,900	2 3,900	2 36,900
Indus Basin Development Fund loans.....	(3)	2,000	200	—	—
Indus Basin Development Fund grants.....	14,500	9,000	14,500	—	—
UNRWA (expansion of training).....	2,000	2,000	—	—	—
U.N. Environment Fund.....	(3)	7,500	10,000	—	—
Total, international organizations and pro- grams.....	166,500	145,500	178,600	2 3,900	2 36,900
American schools and hospitals abroad.....	19,000	19,000	10,000	—	—
Contingency fund.....	30,000	15,000	30,000	—	—
National Association Partners of the Alliance.....	934	750	—	—	—
Albert Schweitzer Hospital.....	1,000	1,000	—	—	—
Sahel drought relief.....	25,000	25,000	—	—	—
Disaster relief and reconstruction.....	150,000	150,000	—	—	—
Administrative expenses, AID.....	45,000	40,000	45,000	—	—
Administrative and other expenses, State.....	(4)	4,800	5,900	—	—
Total, development assistance.....	905,434	898,050	1,142,800	2 259,200	2 258,900
Indochina postwar reconstruction.....	504,000	489,000	939,800	939,800	617,000
Security supporting assistance.....	125,000	112,500	385,500	385,500	675,000
Middle East Special Requirements Fund.....	—	—	100,000	100,000	100,000
Total, AID.....	1,684,434	1,597,550	2,568,100	1,684,500	1,689,900
International Narcotics Control.....	42,500	42,500	42,500	—	—
Overseas Private Investment Corporation (reserves).....	(5)	25,000	25,000	—	—
Military assistance program (MAP).....	512,500	7 450,000	985,000	985,000	550,000
Foreign military credit sales.....	325,000	325,000	555,000	555,000	405,000

See footnotes at end of table.

TABLE II.—COMPARATIVE DATA ON FOREIGN ASSISTANCE ACTIVITIES, FISCAL YEARS 1974 AND 1975—Cont.
[In thousands of dollars]

	Fiscal year 1974		Fiscal year 1975 request ¹		Committee recommendation
	Authoriza- tion	Appropri- ation	Appropri- ation	Authoriza- tion	
Emergency security assistance:					
Israel.....	2,200,000	2,200,000			
Cambodia.....		² 150,000			
Total, foreign assistance items.....	4,764,434	4,790,050	4,175,600	3,224,500	2,644,900
Gorgas Memorial Institute.....	(³)	500	500	(⁴)	⁵ 500
International Commission of Control and Supervision					
in Vietnam.....	4,500		¹⁰ 27,726	¹⁰ 27,726	¹⁰ 27,726
Grand total.....	4,768,934	4,790,550	4,203,826	3,252,226	2,673,126

¹ Request includes the following additional amounts not included in the President's fiscal year 1975 budget transmitted to the Congress on Feb. 4, 1974: Indochina postwar reconstruction, \$150,000,000; security supporting assistance, \$322,500,000; Middle East special requirements, \$100,000,000; foreign military credit sales, \$240,000,000; military assistance program, \$60,000,000.

² Supplemental to existing authorization.

³ Appropriation request authorized by FAA of 1967 which made available \$51,200,000 until expended.

⁴ Authorized by Public Law 93-188 which made available \$40,000,000 until expended.

⁵ Permanent authorization for such sums as may be necessary.

⁶ Includes \$49,000,000 supplemental appropriation.

⁷ Excludes \$250,000,000 in defense stocks provided to Cambodia under sec. of the FAA of 1961.

⁸ Not authorized.

⁹ Permanent authorization of \$500,000 per annum.

¹⁰ Includes \$16,526,000 for fiscal year 1975 contribution to the ICCS and \$11,200,000 for reimbursement to AID for fiscal year 1974 expenses of the ICCS.

In order to assist members of the Senate in analyzing the authorizations recommended by the Committee in the context of the overall foreign assistance program proposed for fiscal year 1975 by the Executive Branch, Table III lists all proposed assistance programs and country-by-country allocations.

TABLE III.—U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES PROGRAMS PROPOSED FOR FISCAL YEAR 1975
[In thousands of dollars]

	Economic assistance programs				Military assistance and credit sales programs				
	Total economic and military assistance credit sales	Total economic assistance	AID	Peace Corps	Public Law, 480 ¹	Inter-narcotics control	Total military assistance credit sales	Military assistance grants (MAP)	Foreign military credit sales
Summary	8,368,725	2,487,226	2,842,415	82,256	985,928	42,500	3,495,500	1,024,000	872,500
Africa, total	293,753	251,458	168,992	26,103	56,373	—	42,285	14,785	24,500
Algeria	1,709	1,409	—	—	1,409	—	—	—	—
Botswana	1,736	1,736	—	394	1,342	—	—	—	—
Burundi	1,425	1,425	—	—	1,425	—	—	—	—
Cameroun	1,311	1,311	—	825	486	—	—	—	—
Central African Republic	1,408	1,408	—	439	121	—	—	—	—
Chad	448	448	—	444	4	—	—	—	—
Congo (Brazzaville)	412	412	—	—	412	—	—	—	—
Dahomey	499	499	—	388	111	—	—	—	—
Ethiopia	47,939	29,039	25,037	2,798	1,204	—	18,900	11,300	5,000
Gambia	442	442	—	255	187	—	—	—	—
Ghana	15,695	15,625	13,746	1,187	692	—	70	70	—
Guinea	333	333	—	—	333	—	—	—	—
Ivory Coast	2,091	2,091	—	1,469	622	—	—	—	—
Kenya	1,739	1,739	7,493	1,198	1,641	—	—	—	—
Lesotho	9,626	9,026	7,206	1,362	458	—	600	100	500
Liberia	168	168	—	—	168	—	—	—	—
Madagascar	2,000	2,000	—	—	2,000	—	—	—	—
Malawi	1,286	1,286	—	354	932	—	50	50	—
Mali	290	290	—	54	236	—	—	—	—
Mauritania	1,219	1,219	—	79	1,140	—	—	—	—
Morocco	49,182	34,322	15,210	1,331	17,781	—	14,850	860	14,000
Niger	6,133	6,133	—	1,951	4,182	—	—	—	—
Nigeria	2,947	2,947	3,682	1,951	2,306	—	—	—	—
Rwanda	1,870	1,845	2,500	606	1,239	—	25	25	—
Senegal	1,870	1,845	—	—	1,845	—	—	—	—

See footnotes at end of table.

TABLE III.—U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES PROGRAMS PROPOSED FOR FISCAL YEAR 1975

[In thousands of dollars]

	Economic assistance programs					Military assistance and credit sales programs					
	Total economic and military assistance credit sales	Total economic assistance	AID	Peace Corps	Public Law, 480 1	Inter- national narcotics control	Total military assistance and credit sales	Military assistance grants (MAP)	Foreign military credit sales	Excess defense articles	Military assistance service funded
Africa—Continued											
Senegal	26	26		26							
Sierra Leone	2,566	2,566		1,655	911						
Sudan	15,960	15,910	10,850	452	5,060		50	50			
Swaziland	12,872	12,872	10,656		1,350						
Tanzania	2,089	2,069		1,061	1,028						
Tunisia	21,358	17,468	5,809	1,072	10,587		3,900	2,000	1,500	400	
Upper Volta	12,230	12,230			1,110						
Zambia	13,230	11,454	6,013	5,145	33		3,800	300	3,500		
Zimbabwe	8	8			8						
Economic regional programs:											
Central West Africa and Sahel	26,874	26,874									
East Africa	1,463	1,463									
South America	10,123	10,123									
Africa regional	21,988	21,988	20,527	1,461							
Self-help projects	1,700	1,700					30	30			
Regional military costs	30										
Asia, total											
	4,762,069	2,086,017	1,375,949	15,624	680,246	14,198	2,676,052	787,902	318,000	120,150	1,450,000
Asia, total											
Afghanistan	17,185	16,985	14,467	1,293	1,175	50	200	200			
Bahrain	87	83		83							
Bangladesh	104,659	104,659	65,220		39,449						
British Solomon Islands	116	116		24	92						
Burma	5,000	5,000				5,000					
China	590,761	187,011	\$110,000		77,011		363,750	362,500		1,250	
China (Taiwan)	80,000						80,000	400	80,000		
Cook Islands	14	14		14							
Cyprus	571	571			571						
Fiji	606	606		606							
Gilbert and Ellice Islands	21	21		21							

Greece	71,000	113,794	75,500	211	38,083	71,000	71,000
India	113,894	197,484	71,400	1,568	120,969	100	22,700
Indonesia	271,458	182,668	25,176	1,902	154,909	234,300	361,500
Iran	416,368	182,668	25,176	1,902	154,909	234,300	361,500
Israel	143,505	57,405	356,000	253	1,152	86,100	85,200
Laos	10,150	1,663				10,150	10,000
Lebanon	17,068	1,061				10,150	10,000
Malaysia	6,991	6,956	5,721			10,283	223
Myanmar	181	181				35	35
Nepal	123,074	122,794	78,745	181	13,999	250	250
Oman	103,715	78,315	43,844	2,178	25,043	250	250
Philippines						250	250
Portugal						250	250
Saudi Arabia	220	18,785	8,000			220	220
Sri Lanka (Ceylon)	88,337	14,087	6,005	1,318	10,786	74,300	56,000
Thailand	232,492	27,982	23,064	1,338	4,356	32	205,000
Tonga	2,356,553	911,553	751,000		160,553	32	1,435,000
Vietnam	13,321	13,321	11,495	321	2,078		
Western Samoa	23,365	23,365	24,251	1,114			
Yemen Arab Republic							
Yemen Democratic Republic							
Regional military costs	592,306	372,706	267,461	19,978	78,137	6,630	220,100
Latin America, total	30,900	200				200	30,700
Argentina	30,275	275				45	6,500
Belize (British Honduras)	35,959	29,439	22,239	275	7,175	3,300	3,000
Bolivia	67,309	8,298	26,000	3,287	2,430	1,800	200
Brazil	52,848	35,148	21,908	2,717	9,986	21,300	800
Chile	2,147	2,147	834	1,104	209	17,700	700
Colombia	15,855	14,005	5,456	651	7,889	1,850	1,300
Dominican Republic	17,346	17,346	17,561	1,337	3,833	1,850	1,300
Ecuador	21,305	18,955	17,050	1,084	781	2,350	1,300
El Salvador	3,624	3,624	3,550			1,000	50
Guatemala	11,055	10,855	8,179			200	200
Guyana	11,398	11,398	8,450	1,357	1,538	4,550	1,100
Haiti	10,100	10,100				34	200
Honduras	33,558	29,108	27,826	594	688	5,100	1,000
Mexico	27,266	21,716	21,769	585	358	4,450	350
Nicaragua	38,630	17,330	13,489	1,235	2,513	1,400	500
Panama						93	800
Paraguay						21,300	20,500
Peru							
Trinidad and Tobago							

See footnotes at end of table.

TABLE III.—U.S. ECONOMIC ASSISTANCE, MILITARY ASSISTANCE, AND CREDIT SALES PROGRAMS PROPOSED FOR FISCAL YEAR 1975
[In thousands of dollars]

	Economic assistance programs					Military assistance and credit sales programs				
	Total economic and military assistance credit sales	Total economic assistance	AID	Peace Corps	Public Law, 480 ¹	Inter-national narcotics control	Total military assistance credit sales	Military assistance grants (MAP)	Foreign military credit sales	Excess defense articles
Latin America—Continued										
Uruguay	5,486	785	775			11	4,700	1,600	2,500	600
Venezuela	19,557	1,857		1,814		43	17,700	700	17,000	
Caribbean regional	6,443		5,500	908	33	2				
Central America regional (ROCANP)	1,777	64				40				
Latin America regional	23,646	17,650	17,650							
Economic regional programs	23,646	23,646	22,281	1,365						
Regional military costs	350						350			
Middle East, total	969,050	519,807	478,175		41,632		449,243	94,243	330,000	25,000
Egypt	253,144	253,144	\$ 250,000		3,144					
Israel	378,211	78,211	\$ 50,000		\$ 28,211		300,000		300,000	
Jordan	237,695	83,452	\$ 78,175		10,277		159,243	94,243	30,000	25,000
Middle East Special Requirements Fund	100,000	100,000	100,000							
Europe, total	15,053	12,522	12,500	22			2,531	2,531		

[illegible]

COMMITTEE ACTION

On April 24, 1974, the President sent a message to Congress transmitting a draft foreign assistance authorization bill for fiscal year 1975. The draft bill was introduced by Senator Sparkman, the Acting Chairman of the Committee, by request, on April 29, 1974. Public hearings were held on the bill on June 7, 21, and 26, July 24 and 25 at which the following witnesses were heard:

Administration Witnesses

June 7, 1974

The Honorable Henry Kissinger, Secretary of State.

June 21, 1974

Mr. Daniel Parker, Administrator, Agency for International Development.

Mr. Robert Nooter, Asst. Administrator for Supporting Assistance Agency for International Development.

June 26, 1974

The Honorable James R. Schlesinger, Secretary of Defense.

Adm. Thomas H. Moorer, USN, Chairman Joint Chiefs of Staff.

July 25, 1974

Ambassador Graham Martin, Ambassador to Vietnam.

Other Witnesses

July 24, 1974

Senator James Abourezk (D-S.D.).

Senator Alan Cranston (D-Calif.).

Mr. Guy Gran, Research Associate, Indochina Resource Center, Washington, D.C., accompanied by Mr. Fred Branfman, Co-Director.

Rev. J. Brian Hehir, Executive Secretary, U.S. Catholic Conference, Washington, D.C.

Mr. Russell Johnson, representing Friends Committee on National Legislation, Washington, D.C.

Prof. Shawky F. Karas, Director, Educational Research Program, Southern Connecticut State College, (Representing American Coptic Association).

Mr. I. L. Kenen, Chairman, American-Israel Public Affairs Committee, accompanied by: Mr. Kenneth Wollack, Mr. Maurice Atkin. Former Senator Joseph D. Tydings, representing Population Crisis Committee.

The bill was considered and marked up in seven executive sessions on August 5, 7, 8, 9, and 13. On August 13 it was ordered favorably reported with an amendment in the nature of a substitute by vote of 11 to 5. Those voting in favor of the motion to report the bill were Senators Sparkman, Pell, McGee, Muskie, McGovern, Humphrey, Case, Javits, Scott, Pearson, Percy.

Those voting against were Senators Fulbright, Mansfield, Church, Symington, and Aiken.

On October 1 and 2, the bill was considered on the floor of the Senate. Following the addition of 21 amendments on the floor, the bill was recommitted to the Foreign Relations Committee by a vote of 41 to 39. As recommitted, the bill was stripped of all amendments, including those made by the Committee.

On November 26, the Committee met in executive session and voted 12 to 0 to report the bill favorably with an amendment in the nature of a substitute. The bill as reported contains some, but not all, of the amendments made originally by the Committee and on the floor.

Those voting to report the bill were Senators Sparkman, Symington, McGee, McGovern, Humphrey, Aiken, Case, Javits, Scott, Pearson, Percy and Griffin. Senator Pell voted present.

COMMITTEE COMMENTS

In its treatment of S. 3394, the Committee's principal actions—and reductions—were focused on two authorization categories: the worldwide Military Assistance Program and Indochina Postwar Reconstruction. In addition, the Committee gave considerable attention to those portions of the bill authorizing assistance to countries in the Middle East.

Worldwide Military Assistance

The Committee approached its consideration of the proposed FY 1975 Military Assistance Program with the long-held belief, expressed in the Committee reports of past years, that the United States should provide grant military aid to foreign countries not as a habit, but rather only in specific instances where such assistance is clearly warranted. At present, the far-flung network of U.S. military assistance advisory groups, military missions, and military groups gives bureaucratic momentum to the perpetuation of an extensive program the rationale for which each year has become increasingly dubious. Through this bureaucracy, the U.S. continues—almost habitually—to dispense hundreds of millions of dollars of weapons in pursuit of such vaguely defined goals as “stability,” “balance,” and the “maintenance of friendly relations.” Yet, in the Committee's view, there is little evidence that such general purposes have actually been served by this massive and often indiscriminate program.

In defense of the program, it is often argued that such grants allow recipient countries to channel into productive economic activities scarce resources which would otherwise be consumed by military expenditures. Experience, however, indicates that the availability of grant aid induces recipient countries to maintain larger and more expensively-equipped military forces than they would otherwise find necessary or prudent. By thus biasing recipient countries toward increased militarization, the program not only escalates the destructive potential of international conflict but also enhances the relative power of the military within those societies and thereby creates undesirable tendencies away from the very democratic processes which the program, in its origins, was intended to defend.

For some years, the Foreign Relations Committee has held the view that, as a practical matter, only Congress is in a position to put an

end to the near-addictive habit which this program represents. As Professor Thomas Shelling of Harvard University stated in testimony to the Committee one year ago:

It is always difficult to terminate aid programs, military or other. There is always an apparent shock or trauma when the United States seems to be severing a long-standing connection with a country, when it seems to be stopping its appreciation of the country as a recipient of aid. I think it is often the case, too, that countries receiving aid can intensify and exaggerate the pain and the anguish and the poverty that goes with the cessation of an aid program. The Congress is often in a very strong position to make aid termination look less discriminatory. The Congress can often take steps that are recognized by recipient countries as applying rather more universally than the bilateral diplomatic negotiations that the countries have with the Executive Branch. Countries can always hope to importune the Executive Branch to continue something, especially something that does not cost a great deal of money, and for the Executive Branch to refuse is very often construed by the country as lack of appreciation by the Executive Branch.

If the hands of the Executive Branch are sometimes tied, if the Executive Branch is not available to that kind of importuning, very often the pain and the shock of the termination of a program to which a country has become accustomed turns out to be very small and, particularly, the country's government will take its own steps to reduce rather than to enhance the likely diplomatic shock of such termination.

Last year, in its treatment of the foreign aid bill for fiscal year 1974, the Committee made significant reductions in the amount requested for military grant aid and also added a requirement that the entire program, including the overseas network of military missions, be phased out over a period of four years. Regretably, from the Committee's view, a motion on the Senate floor to strike that provision succeeded by a narrow margin. This year, renewing its effort, the Committee took consistent action—cutting the program sharply, from \$985 million to \$550 million, and adding a requirement that the entire program, including all military missions, be phased out over a period of three years. To smooth the transition from grants to cash and credit sales, the Committee included a provision authorizing concessional credit sales during the phase-out period to those countries where grant programs are being terminated.

In addition to reducing the MAP authorization and providing for a three year phase out of MAP grants and overseas missions, the Committee acted to close off auxiliary sources of military assistance which annually have allowed for greater expenditures on military aid than could be clearly perceived either by the Congress or the American people. Heretofore, in addition to the MAP and Foreign Military Credit Sales categories, military assistance has been provided by means of the following:

(a) Military Assistance Service-Funded (MASF), a Defense Department budget category now used only for military aid to South Vietnam;

(b) Defense Department funding of salaries and expenses of military personnel in military missions;

(c) Grants of "excess defense articles" from overseas Defense Department stocks; and

(d) Grants of weapons and equipment drawn from Defense Department stocks, which are replenished through subsequent appropriations.

In regard to each of these four categories, the Committee proposes corrective action:

(a) A provision sponsored by Senator Case requires that Department of Defense funding of military aid to South Vietnam end on June 30, 1975, and that any subsequent military assistance to South Vietnam be funded from regular MAP appropriations;

(b) A provision sponsored by Senator Fulbright requires that all DOD expenditures relating to military missions be charged against the annual MAP appropriation, beginning in FY 1976;

(c) A provision sponsored by Senator Pearson requires that all grants of excess defense articles be charged against the annual MAP appropriation and places an FY 1975 ceiling on such grants of \$150 million, based on acquisition cost; and

(d) Another provision sponsored by Senator Pearson denies the Administration's request for renewal of the "draw-down" authority.

In combination, these amendments will have the salutary effect of making the annual military assistance appropriation an accurate measure of direct U.S. military grant assistance during the three-year period while such assistance is being phased-out.

The Committee emphasizes that the phase-out of the Military Assistance Program will, by no means, require a total cessation of U.S. military assistance activities. The Foreign Military Credit Sales program will continue, so that U.S. weapons will be available on good credit terms to friendly countries after they have carefully analyzed their security needs within the constraints imposed by normal budgetary considerations. In addition, Congress will still be in a position to authorize military grant and concessional credit sale assistance whenever a friendly country's circumstances warrant such aid—as in the case of Israel, which received military aid through special legislation last year. What the MAP phase out will accomplish is to bring an end to the habit of widespread U.S. military grant aid, so that in the future the presumptive case will be against grant military aid and such assistance will be provided only when a genuine security need has been clearly identified and analyzed by both the Executive Branch and Congress.

Indochina

Through a combination of provisions in S. 3394, the Committee acted to reduce further the scope of U.S. involvement in South Vietnam, Cambodia, and Laos, and to establish guidelines for future U.S. activities and programs in those countries.

To place a clear and definite limit on U.S. financial involvement in Indochina, the Committee imposed, for each of the three countries, a ceiling on overall U.S. expenditures. It also established a ceiling on United States personnel in Vietnam and lowered the current personnel ceiling for Cambodia. To establish guidelines for such American activities as may continue, the Committee incorporated in the bill statements of policy relating to both U.S. military and economic assistance. On the military side, the policy statement calls upon the Executive Branch to take new initiatives directed toward bringing about an effective cease-fire throughout Indochina, reducing arms shipments to the area, and concluding a lasting settlement of the issues which have fueled the past twenty years of tragic conflict. On the economic side, the Committee incorporated in the bill specific guidelines designed to promote the effective utilization of such economic aid as Congress may henceforth authorize for the countries of Indochina. For the fiscal year 1975 economic aid which this bill specifically authorizes, the Committee divided the total amount allowed for each country into distinct categories within which expenditures must be confined; the Executive Branch is authorized, however, to transfer funds from military purposes to humanitarian and economic development purposes, though not the reverse. The Committee believes that the specific plans and performance criteria called for in the guidelines are essential if U.S. assistance money is to be wisely spent. Such plans and criteria will also provide a basis for later Congressional evaluation of the effectiveness of the fiscal year 1975 program.

For South Vietnam, the Committee established a fiscal year 1975 ceiling on obligations of \$1,274,900,000. Within this ceiling, the Committee recommends \$450 million for economic assistance, which is specifically authorized in this bill; \$125 million for Public Law 480 commodities; and \$700 million in military assistance, the amount approved in the Department of Defense Appropriations bill.

The \$450 million authorized in S. 3394 for economic aid to South Vietnam is \$300 million below the Administration's request of \$750 million. In this connection, the Committee wishes to make several points:

(a) Although the proposal submitted was entitled "Indochina Post-war Reconstruction," the continuation of fighting in South Vietnam severely limits the possibility of reconstruction activities. The title of this program is clearly a misnomer.

(b) The programs presented to the Congress by the Agency for International Development for Vietnam included very little money for genuine reconstruction projects. Indeed, out of the total of \$750 million requested, only \$13.4 million could be attributed to activities which would normally be considered reconstruction.

(c) AID's proposed program for South Vietnam continues to place primary, and excessive, reliance upon vast inputs of commodities and dollar grants. Neither the Vietnamese nor the U.S. government has yet formulated a comprehensive plan for the economic development of South Vietnam.

(d) The AID Congressional presentation placed great stress on "humanitarian" and "war victims" programs. The Committee strongly favors relief activities but believes that the costs projected for such

programs were inflated, that the per capita costs of \$100 per refugee were excessive, that the definition of "humanitarian" assistance has been overly expanded, and that adequate planning has not been done to ensure the useful expenditure of funds. Furthermore, it was apparent to the Committee even from AID's own submission that substantial amounts regulated for "humanitarian" purposes would be reallocated for other purposes.

Deficiencies such as these in the proposal for South Vietnam prompted the Committee to reduce the program and also to include guidelines for the effective utilization of future U.S. aid. These guidelines incorporate the Committee's strong view that there must be less reliance by the Vietnamese on gross inputs of commodities and more emphasis on correcting the structural problems of the South Vietnam economy. The guidelines also call for less reliance on the "free market" approach which heretofore has permitted the short term profit taking and flight of capital that have continued to characterize the Vietnamese economy. Finally, the guidelines stress the need for a multi-lateral approach to aid for South Vietnam so that other countries may have a share in the cost and responsibility for Vietnam's economic development.

For Cambodia, the Committee established a ceiling of \$337 million. Within this ceiling, the Committee allocated \$100 million for economic assistance, which is specifically authorized in this bill; \$200 million in military assistance, also authorized in this bill; and \$77 million for P.L. 480 commodities, the amount programed by the Executive Branch.

The \$100 million recommended by the Committee for economic aid to Cambodia is \$10 million below the Administration's request of \$110 million. In the Committee's view, Cambodia has long since ceased to have a national economy, and the amount approved is intended simply to sustain Cambodia until a cease-fire can be arranged between the Phnom Penh government and the Khmer insurgents. The reductions in the Cambodian economic request also reflect the elimination of what the Committee believes to have been "padding" in the proposed program.

As regards the \$200 million authorized for military aid, which represents a \$191.3 million reduction from the Executive Branch's \$391.3 million request, the Committee was influenced by its view that the war in Cambodia is more clearly than ever a civil war—and one in which the United States is, in significant measure, supplying the forces on both sides. American intelligence officials acknowledge that the North Vietnamese play little or no role in the fighting going on in Cambodia today, and that the insurgent Cambodian forces rely heavily on captured or diverted U.S. ammunition, particularly 105 mm. howitzer shells. As for the government side, all reports indicate grossly excessive use of ammunition, including massive amounts of "harassment and interdiction" fire. Of the proposed program, more than \$300 million would have been used solely for ammunition.

The Committee believes that the \$200 million authorized should be ample for military aid if some measure of discipline is exercised by the government forces, which, the Committee noted, far outnumber the insurgents. In the Committee's view, it will serve neither the American interest nor that of the local population for the United States to continue to sustain the wasteful practices of the government forces and to arm the insurgents. The Committee emphasizes that the goal

of all concerned must be to stop the fighting and, as stated in the policy guidelines incorporated in the bill, the Committee believes that the United States should take steps forthwith to establish contact with Khmer insurgents and encourage a cease-fire at the earliest possible date. If this can be accomplished within the coming year, the transferability feature in S. 3394 will permit the diversion of military assistance funds to relief and reconstruction uses throughout the country. The Committee hopes that the availability of these funds for such purposes will provide some incentive to both sides to negotiate.

For Laos, the Committee established an FY 1975 ceiling of \$70 million. Within this ceiling, the Committee recommends \$40 million for economic assistance and \$30 million for military aid—representing reductions of \$15 million and \$61 million, respectively, from the Executive Branch's requests. U.S. economic aid in Laos is used primarily to support the economy of the capital city, Vientiane; and the Committee believes that \$40 million should be sufficient to accomplish that objective. On the military side, the Committee could find no valid justification for the Executive Branch proposal to provide more military assistance during a year of expected cease-fire than was provided during the past year. The Committee noted that the original request was not based on cease-fire conditions and that U.S. officials believe that a smaller amount in military aid would be sufficient in those circumstances. The Committee hopes that authority in S. 3394 to transfer military funds to economic and humanitarian purposes will provide an incentive to both sides to avoid resumption of fighting.

Middle East Assistance

The Committee notes that section 28 of the bill, "Middle East Assistance," is, in a technical legislative sense, largely superfluous. The section does authorize the appropriation of \$100 million for a Middle East Special Requirement Fund, as requested by the Administration, but, apart from that provision, the section serves no other purpose than to indicate that certain of the money authorized elsewhere in the bill is intended for use in the Middle East: \$100 million in grant military aid, \$330 million in military credit sales, and \$667 million in supporting assistance, in addition to the \$100 million Special Requirements Fund. The Administration apparently included such a special section in its draft legislation for the purpose of drawing attention to the important role the foreign assistance program will play in its efforts to further a lasting Middle East peace. While the Committee is normally not disposed to approve unnecessary legislative language, it retained a special Middle East section in order to show its approval of this portion of the Administration's request and its full support for the Administration's efforts in that region. As described in the section-by-section analysis, however, the Committee did add a requirement that the Congress be notified in advance of proposed expenditures from the Special Requirements Fund.

COST ESTIMATES

Section 252(a) (1) of the Legislative Reorganization Act of 1972 requires that committee reports on bills and joint resolutions contain:

(A) an estimate made by such committee, of the costs which would be incurred in carrying out such a bill or joint resolu-

tion in the fiscal year in which it is reported and in each of the five fiscal years following such fiscal year . . .

The Committee estimates that the cost of carrying out the provisions of this bill during fiscal year 1975 will be \$2,673,126, plus such carry-over and loan reflow funds as may be allowed in appropriation bills if all funds are obligated during the course of the fiscal year.

These authorizations are for one year only. In 1975 the Committee will review all programs carried out under the authority of the Foreign Assistance Act and the Foreign Military Sales Act. It is impossible at this time to estimate the amounts that the Committee might authorize for foreign assistance for fiscal year 1976 or the next four fiscal years. However, it should be noted that, under the bill, the military grant assistance program and military missions will be phased out over a period of three years, thus eliminating a major element of the costs for carrying out the programs for which appropriations are authorized in this bill.

SECTION-BY-SECTION ANALYSIS

Section 2. Food and Nutrition

Section 2 amends Section 103 of the Foreign Assistance Act of 1961 relating to assistance to foreign countries for food and nutrition programs.

Paragraph (2) of subsection (a) authorizes an appropriation of \$530,000,000 for fiscal year 1975 for assistance on projects and programs to expand food production and improve nutrition in poor countries. This is an increase of \$239,000,000 in the existing fiscal year 1975 authorization, which was approved by Congress last year, and a reduction of \$16,300,000 in the budget request.

SUMMARY OF FOOD AND NUTRITION PROGRAM PROPOSAL, FISCAL YEAR 1975

[In thousands of dollars]

	Total	Grants	Loans
Grand total.....	675,034		
Operating expenses.....	60,921		
Total program.....	614,113	93,998	520,115
Africa (total).....	113,496	36,996	76,500
Ethiopia.....	19,306	2,306	17,000
Ghana.....	11,000	1,000	10,000
Kenya.....	6,873	1,873	5,000
Liberia.....	4,626	626	4,000
Morocco.....	14,460	1,460	13,000
Nigeria.....	1,394	1,394	
Rwanda.....	2,500		2,500
Sudan.....	700	700	
Tanzania.....	10,079	3,079	7,000
Tunisia.....	4,787	1,787	3,000
Uganda.....			
Zaire.....	5,403	403	5,000
Central-West regional.....	21,868	16,868	5,000
East Africa regional.....	610	610	
South regional.....	7,935	2,935	5,000
Africa regional.....	1,955	1,955	
Self-help (included in Africa regional).....	(750)	(750)	

SUMMARY OF FOOD AND NUTRITION PROGRAM PROPOSAL, FISCAL YEAR 1975—Continued

[In thousands of dollars]

	Total	Grants	Loans
Asia (total).....	344, 295	16, 920	327, 375
Afghanistan.....	9, 090	1, 090	8, 000
Bangladesh.....	62, 100	2, 100	60, 000
India.....	75, 500	500	75, 000
Indonesia.....	52, 810	2, 810	50, 000
Korea.....	19, 298	298	19, 000
Nepal.....	2, 352	952	1, 400
Pakistan.....	56, 348	1, 348	55, 000
Philippines.....	38, 084	3, 609	34, 475
Sri Lanka (Ceylon).....	8, 000	.....	8, 000
Thailand.....	2, 395	2, 395	.....
Turkey.....	17, 207	707	16, 500
Yemen Arab Republic.....	300	300	.....
Asia regional.....	811	811	.....
Latin American (total).....	128, 150	12, 150	116, 000
Bolivia.....	8, 839	839	8, 000
Brazil.....	300	300	.....
Chile.....	25, 800	800	25, 000
Colombia.....	5, 258	258	5, 000
Costa Rica.....	309	309	.....
Dominican Republic.....	155	155	.....
Ecuador.....	649	649	.....
El Salvador.....	7, 115	615	6, 500
Guatemala.....	15, 401	901	14, 500
Guyana.....	3, 500	.....	3, 500
Haiti.....	6, 504	1, 504	5, 000
Honduras.....	12, 100	600	11, 500
Jamaica.....	8, 000	.....	8, 000
Nicaragua.....	220	220	.....
Panama.....	11, 465	465	11, 000
Paraguay.....	3, 535	1, 035	2, 500
Peru.....	11, 997	997	11, 000
Uruguay.....	449	449	.....
Venezuela.....	500	500	.....
ROCAP.....	.....	.....	.....
East Caribbean.....	.....	.....	.....
Inter-American organizations.....	.....	.....	.....
Latin America regional.....	6, 054	1, 554	4, 500
Supporting assistance (total).....	980	980	.....
Jordan.....	380	380	.....
East Asia regional.....	600	600	.....
Worldwide technical assistance and research programs.....	26, 952	26, 952	.....
Inspector General of Foreign Assistance.....	240	.....	240

Source: AID.

Paragraph (3) adds new subsections (b) and (c) to section 103. Subsection (b) is a finding by Congress concerning the need for special emphasis on expanding food production in the poorest countries. Senator Humphrey initiated this provision.

Congress finds that, due to rising world food, fertilizer and petroleum costs, human suffering and deprivation are growing in the poorest and most slowly developing countries. The greatest potential for significantly expanding world food production at relatively low cost lies in increasing the productivity of small farmers who constitute a majority of the nearly one billion people living in these countries. Increasing the emphasis on rural development and expanded food production in the poorest nations of the developing world is a matter of social justice as well as an important factor in slowing the rate of inflation in the industrialized countries. In the allocation of funds under this section, special attention should be given to increasing agricultural

production in the countries with per capita incomes under \$300 per year and which are the most severely affected by sharp increases in worldwide commodity prices. Some countries on the Executive Branch's fiscal year 1975 program list do not appear to meet these criteria.

Subsection (c) provides that of the total amount obligated under the Foreign Assistance Act during any fiscal year after fiscal year 1975 to procure fertilizers for, and to provide such fertilizers to, foreign countries, not more than one-third of that amount may be obligated for South Vietnam.

Section 3. Population Planning

Paragraph 1 increases the fiscal year 1975 authorization for population planning and health from \$145,000,000 to \$165,000,000. In a related action, the Committee, in paragraph 2, amended section 292 of the Act to increase the earmarking of funds, made available to carry out Part I, which must be used for population activities from \$130,000,000 to \$150,000,000. AID planned to obligate \$137,500,000 for population activities in fiscal year 1975. Thus, the Committee's action will insure a \$12,500,000 increase in this program.

The Committee has always been a strong supporter of programs to assist in controlling population growth. It is the Committee's view that this work should receive top priority in the allocation of foreign assistance funds.

Section 4. Authorization for Education and Human Resources Development

This section, originated by Senator Humphrey, authorizes an additional \$2,000,000 in fiscal year 1975 for assistance for use in education and human resources development under Section 105 of the Foreign Assistance Act. This will increase the total fiscal year 1975 authorization for this category to \$92,000,000. The Committee intends that \$3,000,000 of the funds appropriated or otherwise made available to carry out Section 105 or other pertinent provisions of the Act be used to fund foreign assistance activities of the Opportunities Industrialization Centers International (OICI).

The following excerpt from a letter dated August 7, 1974, from Mr. John E. Murphy, Deputy Administrator of AID, to Senator Humphrey provides background information concerning the work of this organization under AID auspices.

I share your view that OICI has distinguished itself in Philadelphia and elsewhere in the United States. The Agency has been working with OICI, as you know, in an attempt to apply the OICI approach to employment problems in urban areas of four African countries. The projects financed by A.I.D. in Ethiopia, Ghana, Kenya, and Nigeria have had mixed results thus far; and A.I.D. has been discussing with OICI the phase-out of A.I.D. assistance. The phase-out plans are in consonance with the original concept that these undertakings were limited in time and based on achieving local support to sustain local African OIC institutions. In fact, in the cases of Ghana and Nigeria, the Agency had reached agreement with OICI to end A.I.D. financing this

fiscal year while final efforts are made to obtain adequate local support. However, OICI now appears interested in continuing these projects as well as expanding its operations to Latin America and Asia.

The Agency has recently received proposal from OICI, in response to our initiative to solicit increased participation of private voluntary organizations in development, for five new projects in Africa and Latin America. These proposals are being reviewed and the Agency will be discussing them with OICI as soon as their Director is available. (He is currently in Africa.) We will also continue our discussions with OICI concerning the existing projects in Africa.

A.I.D. is prepared to commit \$3 million for OICI projects in fiscal year 1975, and will work with OICI in a variety of ways to reach agreement on a viable continuing program level of \$3 million a year. To do this, A.I.D. will make every effort to assist OICI in an effective expansion of their activities and improvement of their organization and management. I will make certain A.I.D. staff helps identify potential opportunities for OICI involvement as well as explore ways for their participation in existing programs. Since we are particularly interested in seeing OICI adapt its approach to meet host country priority needs in Africa and elsewhere, we are prepared to provide funds to plan and develop proposals as well as strengthen their management capacity.

The Committee notes that section 113 of the Foreign Assistance Act of 1961, approved by Congress last year, requires that the development assistance authorized in sections 103 through 107 be "administered so as to give particular attention to those programs, projects and activities which tend to integrate women into the national economies of foreign countries." The Committee expects that next year the A.I.D. presentation will describe explicitly how the country programs funded through these sections are being planned and administered to serve this purpose.

Section. 5. Housing Guaranties

The Committee has approved extension of the housing investment guaranty program from June 30, 1975, to June 30, 1976, and has increased the guaranty authority under Section 221 of the Act from \$305,000,000 to \$405,000,000.

At the time it considered the foreign assistance authorization bill in 1973, the Committee indicated its intention to review the work of the Housing Investment Guaranty Program as the basis for further authorization. The Committee has concluded that the progress being made merits extension of the program for an additional year and an increase in the ceiling on guaranty authority.

The housing guaranty program is the major A.I.D. resource for assisting developing countries on housing problems. It operates basically without cost to the taxpayer and operating expenses are covered by a fee, typically 1/2 percent per year on outstanding balances. Current income is about \$3,000,000 per year. As of May 20, 1974, ninety-one projects have been authorized and eighty-two of these are under

contract. Eight projects totalling \$166,000,000 were authorized in fiscal year 1974.

The tables below show authorized housing guaranty projects by country and projections for fiscal year 1975 :

HOUSING GUARANTY PROJECTS BY COUNTRY, AUTHORIZED AS OF JUNE 30, 1974

	Number of projects	Amount		Number of projects	Amount
Latin America:			Africa:		
Argentina.....	7	\$54,322,000	Ethiopia.....	1	\$5,000,000
Bolivia.....	2	9,600,000	Ivory Coast.....	2	12,032,200
CABEI.....	4	67,000,000	Kenya.....	3	16,994,000
Caribbean Islands.....	1	2,000,000	Liberia.....	1	5,000,000
Chile.....	3	4,690,000	Senegal.....	1	5,000,000
Colombia.....	3	26,867,000	Tunisia.....	2	14,992,500
Costa Rica.....	3	6,600,000	Zaire Republic.....	1	10,000,000
Dominican Republic.....	5	19,035,000	Morocco.....	1	10,000,000
Ecuador.....	2	7,400,000	Total.....	12	79,019,300
El Salvador.....	3	11,049,250			
Guatemala.....	1	1,500,000	Asia:		
Guyana.....	2	6,000,000	China.....	1	4,794,000
Honduras.....	4	10,581,332	Korea.....	2	30,000,000
Jamaica.....	5	25,602,000	Iran.....	1	25,000,000
Mexico.....	2	14,500,000	Israel.....	3	100,000,000
Nicaragua.....	3	25,925,000	Thailand.....	1	4,961,000
Panama.....	7	24,953,000	Total.....	8	164,755,000
Peru.....	7	46,022,000	Grand total.....	93	658,884,982
Venezuela.....	9	51,463,100			
Total.....	73	415,110,682			

Source: AID.

Fiscal year 1975 housing guaranty projections

Latin America:	Millions
Central America (Honduras, Costa Rica, Guatemala).....	\$16
Chile.....	25
Ecuador.....	5
Paraguay.....	4
Total.....	50
Africa:	
Cameroon.....	4
Gabon.....	5
Ivory Coast.....	10
Tunisia.....	15
Zambia.....	5
Zaire.....	10
Total.....	49
Asia:	
Indonesia.....	25
Korea.....	15
Total.....	40
Grand Total.....	139

Source: AID

Section 6. Agricultural Credit Programs

This section amends title III of chapter 2 of part 1 of the Act to transfer the Agricultural and Productive Credit and Self-Help Com-

munity Development program from the Overseas Private Investment Corporation to the Agency for International Development. The program, which is designed to encourage the availability of local credit for small agricultural and community projects, falls more appropriately under the purview of AID.

The program is designed to encourage private banks, other credit institutions, cooperatives, and private nonprofit development organizations to make small loans on reasonable terms to individuals and to organized groups in order to enable such individuals and groups to carry out small investment and self-help community projects for which they are unable to obtain financing from other sources. The program covers loans for agricultural purposes and community development projects, including, but not limited to, such material and activities as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, looms, schoolhouses, sanitation facilities, community centers, food industry development, and handicraft aids.

The Foreign Assistance Act of 1969 restricted the program to five countries in Latin America. As the results of the pilot programs are not yet clear and the program is to be transferred to a new administering agency, that restriction is retained by the Foreign Assistance Act of 1974. The program should not be expanded until there is proof that the new guidelines will assure its success.

It is expected that AID will seek to develop credit activities under the program which can be placed on a financially self-supporting basis and be coordinated with other AID and host country projects—particularly those designed to facilitate the extension of credit to disadvantaged segments of the community.

Those new guidelines affect the guaranty level. As originally established, guaranties were restricted to 25 percent of any portfolio of loans and to 75 percent of any one loan. Because collateral of 200 percent and more is frequently required in Latin American countries, the program has not attracted as much local credit as was envisioned. This bill retains the restriction of guarantying no more than 75 percent of a single loan but raises the portfolio coverage to 50 percent. Agreements also have been negotiated with several Latin American governments whereby the central banks will provide an additional guaranty of 25 percent. It is believed that these changes will make the program more effective.

The ceiling of \$15 million on total guaranties outstanding at any one time is not changed.

The authority for the program is extended until December 31, 1977. The President is directed to make a detailed report to Congress on the operation of the program by January 15, 1976.

Section 7. International Organizations and Programs

This section increases the fiscal year 1975 authorization for international organizations and programs from \$150,000,000, which is authorized under current law, to \$186,900,000. The President requested an increase to \$153,900,000. The Committee approved that request and authorized, at the initiative of Senator McGee, an additional \$30,000,000. The sum added by the Committee is to be distributed as

follows: U.N. Development Program (UNDP), \$20,000,000; U.N. Relief and Works Agency (UNRWA), \$10,000,000; and the U.N. Children's Fund (UNICEF), \$3,000,000.

By providing an additional \$20,000,000 for the UNDP, the United States will be able to make a \$110,000,000 contribution for calendar year 1975, rather than the \$100,000,000 proposed by President Nixon. The additional \$20,000,000 available to UNDP would be used to end split-year funding for the UNDP which has been undertaken since calendar year 1973 when only \$70,000,000 was provided for the UNDP under the fiscal year 1973 continuing resolution. At that time, in order to allow the United States to make a \$90,000,000 contribution to UNDP in 1973, \$20,000,000 had to be drawn from fiscal year 1974 funds. This additional authorization will remedy this situation by restoring our UNDP contribution to a full annual funding basis.

The Committee believes that strong U.S. support for the UNDP is important to our nation's effective participation in the United Nations. The level of our support for the UNDP is seen by the developing nations as a measuring stick of the seriousness of our participation in the United Nations organization.

An additional \$3,000,000 is provided in order to make available the full \$18,000,000 earmarked for UNICEF in the authorization bill last year. This amount is \$3,000,000 above the amount requested by President Nixon for fiscal year 1975. Such an increase was believed to be justified by both the House Foreign Affairs and Senate Foreign Relations Committees last year in view of the fact that demands on UNICEF resources had increased markedly. Despite these increased needs, our contribution to UNICEF has remained at the \$15,000,000 level since 1972.

The increase of \$10,000,000 for UNRWA is for a special emergency contribution by the United States. UNRWA continues to be this year, as before, in serious long-term financial difficulty. The negotiations on a peace settlement in the Middle East have given an additional importance to UNRWA's work. UNRWA's health, education, and food services have always been essential to a minimally acceptable standard of living for the refugees it serves in offering them more hope for the future, especially for their children. UNRWA has thus been central to maintaining such stability as the refugee areas have had, including those refugee areas in Israel-held territory where some 40 percent of these refugees live. Any reduction now in U.S. support for UNRWA in relation to its need, forcing the agency to cut back its services, would endanger not only this stability, but also the settlement negotiations. In particular, it would be seen as totally inconsistent with our repeatedly expressed position that a just and lasting peace in the Middle East cannot be established without taking into account the wishes and aspirations of the Palestinians.

The following table details the proposed distribution of all funds requested by the Executive Branch for voluntary contributions to international organizations:

VOLUNTARY CONTRIBUTIONS TO INTERNATIONAL ORGANIZATIONS AND PROGRAMS UNDER THE FOREIGN ASSISTANCE ACT

[In thousands of dollars]

	Fiscal year--		
	1973 Actual	1974 Estimate	1975 Estimate
AUTHORIZED UNDER SEC. 302(A) FAA			
United Nations programs:			
U.N. Development Program.....	70,581	190,226	110,047
U.N. Children's Fund.....	15,000	15,000	15,000
IAEA/Operational Fund.....	1,750	2,000	2,000
WMO/Voluntary Assistance Program.....	1,500	1,500	1,500
U.N./FAO World Food Program.....	1,500	1,500	1,500
U.N. Institute for Training and Research.....	400	400	400
WHO/International Agency for Research on Cancer.....	337		
International Secretariat for Volunteer Service.....	73	72	60
U.N. Relief and Works Agency.....	14,300	14,300	23,200
U.N. Fund for Namibia.....		50	50
World Heritage Trust Fund.....			143
Subtotal.....	105,441	125,048	153,900
AUTHORIZED ELSEWHERE			
U.N. Environment Fund ¹		7,500	10,000
U.N. Relief and Works Agency (expansion of training).....		2,000	
Indus Basin:			
Loans.....	16,291	2,000	200
Grants.....	10,000	9,000	14,500
Total, International Organizations and Programs.....	131,732	145,548	178,600
Other appropriations:			
Population Planning and Health Funds:			
U.N. Fund for Population Activities.....	9,000	18,000	20,000
Organization for Economic Cooperation and Development.....	100	50	50
International Narcotics Control:			
U.N. Fund for Drug Abuse Control.....	4,000	2,000	5,000
Supporting Assistance:			
U.N. Force in Cyprus.....	2,400	1,600	4,800
Grand total.....	147,232	167,198	208,450

¹ \$3,000,000 is contingent on reinterpretation of legislation by General Accounting Office.

² Authorized by separate legislation.

Source: A.I.D.

Section 8. Authorization for Military Assistance

This section authorizes the appropriation of \$550,000,000 for grant military assistance in fiscal year 1975, an increase of \$37,500,000 over the authorization of fiscal year 1974. \$450,000,000 was appropriated for fiscal year 1974. The Executive Branch requested an authorization of \$985,000,000 for FY 1975. In addition to the funds to be authorized in this bill, it is estimated that \$39,000,000 more will be available

through reappropriation, recoupments, and reimbursements. Thus, funds will be available to finance a total military assistance program of \$589,000,000. Military grant assistance to all recipient countries other than South Vietnam is funded through this program. Military aid to South Vietnam is funded through the Department of Defense budget.

The Committee has taken action to phase out the military grant assistance program over a period of three years. The reductions made in the authorization request by the Committee represent the first step toward terminating this program. For many years the Committee has made major reductions in the military grant aid program and has questioned the underlying policy. Its skepticism about the program culminated in its decision last year to phase out the program, a decision reaffirmed in this bill. Additional comments appear in the explanation of the phase-out provision.

The country-by-country military grant aid program proposed by the Executive Branch, a total of 48 countries, follows:

MILITARY ASSISTANCE PROGRAM

VALUE IN THOUSANDS OF DOLLARS

COUNTRIES	FY 1973	Estimated FY 1974	Proposed FY 1975	COUNTRIES	FY 1973	Estimated FY 1974	Proposed FY 1975
EAST ASIA & PACIFIC				AFRICA (CONT'D)			
China (Taiwan)	29,940	29,700	400	Ghana	51	40	70
Indonesia	13,400	13,400	22	Guinea	200	100	100
Japan	131,755	325,012	362,500	Guinea-Bissau	4	40	50
Korea	132,628	112,300	161,500	Morocco	108	850	860
Laos	-	-	35,200	Senegal	19	20	25
Malaysia	166	200	235	Sudan	1,787	1,200	20
Philippines	15,450	16,000	17,000	Tanzania	227	350	2,000
Thailand	35,793	35,773	56,000	Zaire	61	80	30
Regional Costs	212	300	365	Regional Costs	10,952	13,980	14,785
Regional Total	363,072	536,685	705,950	Regional Total	10,952	13,980	14,785
NEAR EAST & SOUTH ASIA				LATIN AMERICA			
Afghanistan	210	200	200	Argentina	614	600	700
Greece	1,068	-	-	Bolivia	3,722	2,720	3,300
India	200	200	100	Brazil	722	500	800
Iran	32,758	36,050	94,242	Chile	878	500	800
Lebanon	206	150	150	Colombia	558	800	700
Nepal	32	25	35	Dominican Republic	622	800	1,300
Pakistan	270	235	280	Ecuador	435	610	700
Saudi Arabia	240	200	210	El Salvador	787	699	1,300
Sri Lanka	15	15	15	Guatemala	-	-	200
Turkey	58,438	48,700	80,000	Haiti	531	610	1,100
Regional Costs	75	50	52	Honduras	10	160	100
Regional Total	93,305	85,225	175,295	Mexico	84	100	100
EUROPE				Nicaragua	480	400	500
Austria	16	30	24	Paraguay	264	800	1,400
Finland	10	80	80	Peru	816	900	800
France	902	400	860	Uruguay	809	702	1,400
Spain	9,138	3,400	1,600	Venezuela	327	400	500
Regional Costs	117	50	23	Regional Costs	386	400	500
Regional Total	10,192	4,300	2,531	Regional Total	13,392	13,586	14,250
AFRICA				DEVELOPMENTAL COSTS			
Ethiopia	8,495	11,300	11,300	SPECIAL PROJECT	91,504	100,124	106,259
				Regional Total	91,504	100,124	106,259
				WORLDWIDE TOTAL	582,417	789,500	1,024,000

Source: Department of Defense.

Section 9. Repeal of Special Drawdown Authority

This section, initiated by Senator Pearson, repeals Section 506 of the Foreign Assistance Act which provided basic authority for the President to draw on Department of Defense stocks, up to an annual limit approved by Congress, to provide additional military assistance to foreign countries beyond that made available by Congress in regular appropriations for the military aid program.

The military assistance bill passed by the Senate last year, S. 1443, also proposed the repeal of this authority. In conference with the House, it was agreed to give the President authority to draw \$250,000,000 in defense stocks during fiscal year 1974 with the intention, as stated by the conference managers, that "up to \$200 million of the emergency military assistance requirements for Cambodia" be furnished through that authority. Subsequently, President Nixon used the full \$250,000,000 authorized under section 506 for Cambodia.

The Committee has repealed this provision as a part of its overall effort to restore Congressional control over the foreign aid program and retract major grants of discretionary authority over foreign aid matters which have been given to the President in the past. If the furnishing of emergency military assistance to a foreign country is truly important to the national interest the President can come to Congress for authority, as was done in the case of Israel last year, or country allocations can be reprogrammed as necessary.

Section 10. Military Assistance to South Vietnam

This provision sponsored by Senator Case, will require that military assistance to South Vietnam be funded through the regular military assistance program under the Foreign Assistance Act effective July 1, 1975. The Committee's action reflects the fact that direct American military involvement in Indochina has now been terminated and the justification originally presented for funding military aid to South Vietnam from the Department of Defense budget no longer has any validity. The Committee's action is consistent with the statement made to the Senate by Senator Stennis on July 30, 1974, in presenting the conference report on the Military Procurement Authorization bill, H.R. 14592. Senator Stennis said:

Now this program has narrowed down to military aid for South Vietnam. This is the last year it will be in this bill, and this military aid will be provided under the regular military assistance program—MAP—next year, for fiscal 1976.

Section 11. Excess Defense Articles

This section enacts a new section 514 to the Foreign Assistance Act of 1961, to bring about greater Congressional control over the use of excess defense articles in the military assistance program.

In a report to Senator Pearson on the effect of the changes made by P.L. 93-189 relative to excess defense articles, the General Accounting Office stated that "there is, for all practical purposes, no effective limitation" on the amount of excess articles that can be furnished to foreign countries. The report (GAO B-163742, July 15, 1974) stated:

Current legislation enacted after we issued our excess report actually expanded the possibilities for the uncontrolled use

of excess defense articles in MAP, which was the antithesis of our report. This occurred mainly from a change in the definition of the value of excess defense articles.

Section 8, as amended, requires that, when an excess defense article is ordered for a foreign recipient, MAP funds be reserved in an amount equal to the value of the article. When the article is delivered, such funds will be transferred to the Treasury. This provision applies to all excesses generated in the United States. It applies to excess articles generated abroad only when the aggregate value of such articles ordered in any fiscal year exceeds \$150 million, thereby limiting the transfer of such articles without charge to MAP.

Previously, value for this purpose meant not less than 33 1/3 percent of the acquisition cost of the article, but under current legislation it means actual value plus the cost of repair and rehabilitation. The law, however, does not indicate how actual value will be determined. Apparently the Department of Defense (DOD) will make this determination. DOD said that a recent sampling in Taiwan showed the overall value of excess defense articles at the time of offer to be only 8.9 percent of the original acquisition cost. Therefore, as a result of the change in the meaning of value, the amount of excess defense articles which can be provided to MAP without charge is vastly increased. This is illustrated as follows:

Section 8 established a limitation of \$185 million in excess defense articles which could be transferred at no cost to MAP. At 33 1/3 percent (1/3) of the acquisition cost, this equated to \$555 million ($3 \times \185 million). Present legislation, however, reduced the amount to \$150 million at actual value. But, on the basis of DOD's recent sampling, actual value might be as little as 8.9 percent (1/11) of the acquisition cost, which would equate the current limitation to \$1.65 billion at the acquisition cost ($11 \times \$150$ million). Since this is about three times greater than the total acquisition cost of excess defense articles provided in any single previous year, there is, for all practical purposes, no effective limitation.

Subsection (a) of the new section 514 provides that the aggregate original acquisition cost of excess defense articles ordered during the fiscal year 1975 for foreign countries and international organizations shall not exceed \$150,000,000.

Subsection (b) provides that the value of any excess defense article furnished under the Foreign Assistance Act to a foreign country or international organization by any agency of the United States Government shall be considered to be an expenditure made from funds appropriated under section 504 of this Act. Unless the agency certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof (less amounts to be transferred under section 632(d) of this Act) shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign

country or international organization or the order therefore is canceled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) the appropriation made under section 504 of this Act for the current fiscal year, upon cancellation of the order. That sum shall be transferred to the appropriation made under section 504 of this Act for the current fiscal year, upon delivery of the article, if at the time of delivery the stock status of the article is determined in accordance with section 644(g) or (m) of this Act to be nonexcess.

The new subsection (c) requires that the President promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

Subsection (b) repeals sections 8 and 11 of the Foreign Military Sales Act of 1971 as amended to reflect the enactment of this new provision to govern the use of excess defense articles.

The Executive Branch requested authority to use up to \$150 million in excess, at actual value, without charge to the MAP appropriation. S. 3394, as revised, authorizes use of up to \$150 million, at acquisition cost, and requires that the MAP appropriation be charge the actual value of each article granted.

The following table shows the country-by-country distribution of excess defense articles proposed by the Executive Branch.

EXCESS DEFENSE ARTICLES VALUE IN THOUSANDS OF DOLLARS

COUNTRIES	FY 1973	Estimated FY 1974 a/	Proposed FY 1975	COUNTRIES	FY 1973	Estimated FY 1974 a/	Proposed FY 1975
EAST ASIA & PACIFIC				AFRICA			
China (Taiwan)	22,312	-	-	Ethiopia	734	1,000	2,600
Indonesia	469	7,000	6,200	Liberia	*	-	-
Khmer Republic	5,849	7,000	1,250	Tunisia	10	-	400
Korea	8,307	16,000	20,800	Regional Total	744	1,000	3,000
Laos	4,408	3,000	900				
Philippines	4,394	7,000	2,500	LATIN AMERICA			
Thailand	6,482	11,000	16,500	Bolivia	316	700	200
Vietnam	24,302	35,000	35,000	Dominican Republic	96	300	50
Regional Total	77,064	86,000	85,150	El Salvador	133	300	50
NEAR EAST & SOUTH ASIA				Guatemala	702	300	50
Greece	4,873	-	-	Honduras	76	1,500	350
Jordan	6,742	15,000	25,000	Nicaragua	300	300	50
Turkey	42,299	40,000	35,000	Paraguay	536	1,300	450
Regional Total	53,914	55,000	60,000	Uruguay	732	3,000	600
EUROPE				Regional Total	2,591	8,000	1,850
Portugal	*	-	-	WORLDWIDE TOTAL	135,090	150,000	150,000
Spain	771	-	-				
Regional Costs	4	-	-				
Regional Total	775	-	-				

a/ Overseas stocks only - Domestic excess is funded under MAP.

* Less than \$500.

NOTE: Totals may not add due to rounding.

Source: Department of Defense.

Section 12. Stockpiling of Defense Articles for Foreign Countries

In preparation for the hearings on this legislation the Committee learned that since 1972 the Department of Defense has been stockpiling arms and equipment for possible use by South Vietnam, Thailand, and Korea in the event of future hostilities. In reply to a request for information about a \$490,000,000 item listed as "War Reserve Materials" under the Defense budget category, "Support of Other Nations," the Defense Department furnished the following explanation to the Committee:

EXPLANATION FROM THE DEFENSE DEPARTMENT

The requested appropriation for War Reserve Materials (WRM) is made up of two categories as indicated and defined below:

WRM—Support of Allies (Equipment)

Costs for acquisition, storage and maintenance of war reserve equipment and secondary items for Vietnam, Thailand, and Korean Forces. This constitutes the only equipment stockpiled and earmarked specifically for use by the ROK, RVN, or Thailand forces. Stocks will remain U.S. owned and controlled.

WRM—Support of Allies (Ammunition)

Costs for acquisition, storage and maintenance of war reserve munitions for Vietnam, Thailand, and Korean forces. This constitutes the onyl ammunition stockpiled and earmarked specifically for use by the ROK, RVN and Thailand forces. Stocks will remain U.S. owned and controlled.

In order to obtain additional information concerning the stockpile program the Committee asked the General Accounting Office to look into certain aspects which are relative to the Committee's legislative responsibility for foreign assistance matters. Following are pertinent excerpts from the GAO's report to the Committee (GAO report B-159451, July 17, 1974):

EXCERPTS FROM REPORT TO THE COMMITTEE ON FOREIGN RELATIONS,
UNITED STATES SENATE BY THE GENERAL ACCOUNTING OFFICEDEPARTMENT OF DEFENSE STOCKPILING OF WAR RESERVE MATERIALS FOR
USE BY UNITED STATES ALLIES (B-159451)

We determined from DOD planning and programing documents that the approved force levels used to plan future requirements included the estimated number of allied forces that might need logistics support in future Asian hostilities. Estimated allied requirements add to but do not replace U.S. requirements.

DOD stocks of munitions and equipment have traditionally been available for transfer to allies pursuant to appropriate military assistance legislation, as well as for use by U.S. Forces. Specific identification of war reserve stocks for possible future transfer to allies in DOD budget documentation

planning began with the development of the fiscal year 1972 Defense program. Some available assets were allocated for this purpose in fiscal year 1973. However, funds were not requested in budget submissions to the Congress until fiscal year 1974.

Items held in reserve that are planned for potential allied use are not segregated from other reserve stocks, and almost all the same kinds of items are also required as war reserves for U.S. Forces. If necessary, the war reserves for allied forces could be used to support U.S. Forces.

* * * * *

DOD planners for fiscal year 1973 allocated \$23 million of its reserve assets toward the total allied requirement; for fiscal year 1974, \$494 million was allocated. For fiscal year 1975, \$529 million of the total procurement request has been proposed for application toward allied requirements. Some of each of the following types of items are proposed to be procured from the fiscal year 1975 funds.

Army

Small arms ammunition	Mortar ammunition
Artillery ammunition	Tanks ¹
Tank recovery vehicles ¹	Machine guns
Portable radar sets ¹	Rocket launchers ¹
Minor miscellaneous items	Landing boats
Spares and repair parts	

Air Force

Air-to-ground munitions
Tanks, racks, adapters, and pylons

The stockpiling of defense assets for potential use by allies adds another level to the DOD procurement base. We previously mentioned that new Army procurement will modernize U.S. active and reserve units and the older articles being replaced will make up the war reserve stockpile. It is conceivable that once these U.S. Forces have been modernized, DOD will modernize the war reserve, and thus make large quantities of defense assets excess and available for transfer to foreign governments, including those for which the stockpile was originally intended.

More importantly, however, is the fact that DOD has the authority to decide what portion of the DOD inventory will make up the approved force requirement level. Since the war reserve for allies represents a portion of the total war reserve in excess of U.S. approved force requirements, DOD can now

¹ All new procurement of these items will go directly to U.S. Army active and reserve units. The older pieces of equipment displaced by the new procurement will go into the war reserve stockpile that could be used to replace U.S. or (with proper authorization) allied combat losses in some conflict. Therefore this procurement, although labeled as allied reserve, modernizes the U.S. Army Force while increasing the total assets available as war reserves.

stockpile older items that would immediately become excess upon replacement. If a future emergency arises overseas, DOD could reduce the approved force requirement level and immediately make the war reserve for allies available as excess for transfer to whichever country may need them. All this could be accomplished without adversely affecting the total U.S. approved force requirements.

The Committee has approved a provision which would require (1) that any stockpiling of military materials for foreign countries be financed out of regular military assistance funds in all cases except that of South Vietnam. In the case of South Vietnam, whose military aid is financed through the Department of Defense budget, any stockpiles would be paid for out of funds approved for such military aid; and (2) that the cost of any materials already stockpiled which are subsequently furnished to a foreign country be charged against funds available for military assistance and, in the case of Vietnam, against any ceiling established for military aid to that country.

The Committee believes that if a stockpile for foreign military forces is warranted it should be justified as a part of the regular foreign aid program and paid for out of foreign aid funds.

Subsection (a) of the new section 515 provides that no funds, other than funds made available under the Foreign Assistance Act or section 401(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, may be obligated or expended for the purpose of stockpiling any defense article or war reserve material, including the acquisition, storage, or maintenance of any war reserve equipment, secondary items, or munitions, if the article or material is set aside, reserved, or in any way earmarked or intended for future use by any foreign country.

Subsection (b) provides that the cost of any article or material set aside, reserved, or in any way earmarked or intended by the Department of Defense for future use by, for, or on behalf of South Vietnam, shall be charged against the limitation specified in section 401(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, for the fiscal year in which the article or material is set aside, reserved, or otherwise earmarked; and the cost of any such article or material set aside, reserved, or in any way earmarked for future use by, for, or on behalf of any other foreign country shall be charged against funds authorized under chapter 2 of part II of this Act for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked. No article or material may be made available to or for use by South Vietnam or any other foreign country unless such article or material has been charged against the limitation specified in section 401(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, or against funds authorized for military grant assistance under the Foreign Assistance Act.

Section 13. Costs of Military Assistance Advisory Groups and Missions

This section adds a new section 516 to the Foreign Assistance Act which requires that effective July 1, 1975, all costs of U.S. military missions, groups, or similar organizations, including pay and allowances of assigned military personnel, be charged against funds made

available for the military assistance program. The purpose of the provision is to insure that the funds approved by the Congress for foreign military assistance shall bear the full costs of all activities related to the military assistance program and thus accurately reflect the true cost of the program to the taxpayer. As it is, the major costs for military missions are now paid out of the Department of Defense budget, not the military assistance account. For the 1975 fiscal year the Department of Defense estimates that of the \$74,418,100 to be spent for operation of military missions and groups only \$16,895,200 will be paid from foreign military assistance funds. The remainder, \$57,522,900, would be paid from appropriations for the Defense Department, absent the enactment of this provision. Of the sixteen U.S. military missions in Latin America, for example, there are only two missions where *any* operating costs are paid from appropriations for military aid, a total of \$306,400 charged to MAP whereas Department of Defense funds are used to pay \$10,341,800 for operating costs of the sixteen missions.

The following table gives cost data for each of the forty-three U.S. military missions.

FISCAL YEAR 1975 COST DATA, DEPARTMENT OF DEFENSE MAAGS, MISSIONS, AND MILITARY GROUPS
[In thousands of dollars]

Country	Annual operating costs		Country	Annual operating costs	
	MAP	DOD		MAP	DOD
U.S. European Command:			Japan.....	325.7	171.4
Belgium.....	213.7	209.6	Korea.....	3,243.4	8,145.2
Denmark.....	147.5	264.1	Pakistan.....	128.1	124.3
Ethiopia.....	1,207.9	2,180.4	Philippines.....	451.6	1,122.9
France.....	246.4	180.4	Thailand.....	984.7	8,965.8
Germany.....	785.7	1,003.3	U.S. Southern Command:		
Greece.....	769.6	1,368.5	Argentina.....		1,115.7
Iran.....	1,153.3	6,216.0	Bolivia.....		896.8
Italy.....	292.6	353.2	Brazil.....		1,938.6
Liberia.....	609.8	406.3	Chile.....		626.5
Morocco.....	319.7	416.9	Colombia.....		803.6
Netherlands.....	146.7	226.5	Costa Rica.....		123.0
Norway.....	142.0	187.0	Dominican Republic.....	190.6	172.8
Portugal.....	168.1	322.7	El Salvador.....		334.9
Saudi Arabia.....	291.4	3,337.1	Guatemala.....		609.7
Spain.....	313.7	907.5	Honduras.....		354.2
Tunisia.....	222.4	233.6	Nicaragua.....		551.2
Turkey.....	1,304.8	4,520.5	Panama.....		323.1
Zaire.....	564.6	397.1	Paraguay.....		517.1
U.S. Pacific Command:			Peru.....	115.8	124.1
Cambodia.....	880.7	1,593.8	Uruguay.....		594.6
China.....	642.9	2,937.0	Venezuela.....		1,160.9
India.....	168.1	833.3	Total.....	16,895.2	57,522.9
Indonesia.....	963.7	1,454.7			

Source: Department of Defense.

The new section 516 provides that effective July 1, 1975, an amount equal to each sum expended under any provision of law, other than section 504 of the Foreign Assistance Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under section 504, and (1) if reimbursement of the amount is requested by the agency of the United States Government making the expenditure, reimbursed to that agency, or (2) if reimbursement is not requested, deposited in the Treasury as miscellaneous receipts.

Section 14. Termination of Authority—Phase Out of Military Grant Assistance and Military Missions

Section 14 will phase out military grant assistance programs, other than training, and U.S. military missions and groups over a period of three years. The foreign aid bill approved by the Committee last year would have phased out military grant assistance and military missions and groups over a four year period, but the provision was deleted by the Senate. Thus, section 14 reaffirms the policy endorsed by the Committee last year.

During the three year phase out period, countries now receiving grant aid could obtain credit at a concessional interest rate of not less than four percent, within certain limits. After September 30, 1977, any grant assistance, other than training, for a country must be specifically authorized by Congress, as was done in the case of Israel last year. Similarly, continuation of any military mission or group after that date must also be authorized specifically by Congress. The provision also prohibits the training of foreign military forces outside the United States after September 30, 1977 unless specifically authorized by Congress.

The world of a quarter of a century ago, which spawned the foreign military assistance program, bears little relation to the world of today. The cold war is over. The United States is normalizing relations with China and is pursuing a policy of detente with the Soviet Union. Yet the policies of that era linger on in the military aid program. S. 3394 will phase out this relic of the past.

Under paragraph (1) of subsection (a) of the new section 517 the President is required to gradually reduce assistance, other than military training, so that, not later than September 30, 1977, no assistance, other than training, shall be provided to a foreign country.

Under the new paragraph (2), deliveries could continue to be made after that date on military grant aid for which obligations were made prior to the cutoff date.

The new subsection (b) authorizes the President in each of the fiscal years 1975, 1976 and 1977 to finance procurements of defense articles and defense services, other than training, by any foreign country receiving defense articles or defense services during fiscal year 1974 under Chapter 2 of Part II of the Foreign Assistance Act on terms providing for payment in United States dollars (1) of the value of such articles and services which value shall not exceed during each such fiscal year the value of such articles and services (other than military training) furnished that country in fiscal year 1974 under Chapter 2, (2) at a rate of interest of not less than four per centum a year, and (3) within ten years after delivery of the defense articles or rendering of the defense services.

The new paragraph (c) (1) phases out military missions and groups by not later than September 30, 1977. By that date all the functions of military assistance advisory groups or other organizations of the United States Government performing similar activities in a foreign country shall be transferred to the Chief of the United States Diplomatic Mission to the country.

This provision is designed to cover the phaseout of all types of military personnel assigned to foreign countries who are engaged in activities involving the foreign military assistance or sales programs. Many members of the U.S. armed forces are now being sent abroad in con-

nection with the military sales program, who are not formally assigned to a military mission or group. The functions performed by these military men, in training foreigners in the use and maintenance of arms and equipment bought in the U.S., could be handled in most if not all, cases by civilian technicians provided by the U.S. manufacturer. The net effect of the current practice of using military instead of civilian contract technicians, is simply to tie the U.S. Government even more closely to the interests of the purchasing country. The use of U.S. military personnel aboard in connection with the sales program is to be phased out along with regular military missions and groups. After September 30, 1977 the sending of such personnel to a foreign country must be specifically authorized.

For a number of years, the Committee has tried to reduce the number and size of U.S. military missions and groups abroad. There are, for example, military missions to seven countries in Western Europe where grant aid programs were terminated years ago. The 43 groups and missions now in existence are also top heavy with rank, as shown in the list below. Cost data on missions and groups is shown in the list under the section concerning the funding of these organizations.

DEPARTMENT OF DEFENSE MAAGS, MISSIONS, AND MILITARY GROUPS

Country	Commander/Chief	Grade	Service	Authorized personnel	
				Military	Civilian
U.S. European Command:					
Belux, MAAG	J. H. Egginton	Colonel	USAF	7	1
Denmark, MAAG	T. H. Wilder	Captain	USN	7	1
Ethiopia, MAAG	H. D. Yow	Brigadier general	USA	80	5
France, MAAG	P. D. Blumenthal	Colonel	USA	7	2
Germany, MAAG	J. J. Wagstaff	Major general	USA	26	7
Greece, JUSMAG	C. W. Ryder	do	USAF	46	9
Iran, ARMISH-MAAG	D. Brett	do	USAF	192	16
Italy, MAAG	G. M. Johnson, Jr.	do	USAF	11	2
Liberia, LIBMISH	A. M. Buckner	Colonel	USA	16	3
Morocco, MJSLO	F. H. Smart	do	USAF	18	3
Netherlands, MAAG	E. Saroch, Jr.	Captain	USN	8	1
Norway, MAAG	R. L. Herman	Colonel	USAF	6	1
Portugal, MAAG	R. B. Ely	Rear Admiral	USN	11	3
Saudi Arabia, USMTM	J. G. Hill, Jr.	Brigadier general	USA	133	2
Spain, JUSMG-MAAG	C. T. Baldwin	Major general	USA	38	15
Tunisia, TUSLO	W. N. Thomas	Colonel	USA	8	1
Turkey, JUSMMAT	J. V. Galloway	Major general	USA	146	28
Zaire, ZAMISH	H. Mallet	Colonel	USA	20	-----
U.S. Pacific Command:					
Cambodia, MEDT	W. W. Palmer	Brigadier general	USA	77	-----
China (Taiwan), MAAG	S. Nash	Major general	USAF	166	27
India, ODR	J. D. Jordan	Colonel	USAF	4	1
Indonesia, DLG	J. McCuen	do	USA	45	4
Japan, MOAO	R. N. Stoddard	do	USA	7	5
Korea, JUSMAG	H. S. Cunningham	Major general	USA	397	61
Pakistan, ODR	A. S. Cloninger	Colonel	USA	5	5
Philippines, JUSMAG	J. R. Sadler	Brigadier general	USA	50	9
Thailand, JUSMAG	T. W. Mollen	Major general	USA	258	3
U.S. Southern Command:					
Argentina, MILGP	J. G. Waggener	do	USA	29	1
Bolivia, MILGP	R. T. Tjerno	Colonel	USA	29	2
Brazil, MILGP	M. W. Kendall	Major general	USA	40	6
Chile, MILGP	R. E. Davis	Captain	USN	15	-----
Colombia, MILGP	N. Elston	Colonel	USAF	24	1
Costa Rica, MILGP	N. Smith	Lieutenant colonel	USA	4	-----
Dominican Republic, MAAG	E. Valdes	Colonel	USMC	11	-----
El Salvador, MILGP	R. M. Gomez	Lieutenant colonel	USA	10	-----
Guatemala, MILGP	J. P. Rice	Colonel	USA	19	-----
Honduras, MILGP	A. L. Sanderson	do	USA	11	-----
Nicaragua, MILGP	S. F. Little, Jr.	do	USA	17	-----
Panama, MILGP	T. A. Austin	do	USA	9	1
Paraguay, MILGP	A. Nisbet, Jr.	do	USAF	15	-----
Peru, MAAG	R. D. Brewington	do	USAF	7	-----
Uruguay, MILGP	R. C. Kerr	do	USAF	13	-----
Venezuela, MILGP	F. J. Bush	do	USA	36	1
Total				2,078	223

Source: Department of Defense.

The following list provides data on organizations which are not technically classified as military missions or groups under current practices of the Department of Defense, as well as information concerning countries where responsibility for military assistance and sales matters are already being carried out by defense attaches:

TECHNICAL ASSISTANT FIELD TEAMS (TAFTS)¹

Country	Ranking officer	Number of personnel assigned	Number of contract personnel	Annual costs	
				United States	Host government reimbursement
Iran:					
Army.....	Col. Howard Moore.....	182		\$4,950,000	\$4,950,000
Navy.....	Comdr. Fred Wood.....	20		611,000	611,000
Air Force.....	Col. Rufus Johnston.....	250		5,673,000	5,673,000
Iran Air Force:					
F-4.....	do.....	43		1,376,000	1,376,000
C-130.....	do.....	15		425,000	425,000

U.S. ARMY CORPS OF ENGINEERS¹

Saudi Arabia.....	Col. Wm. L. Durham.....	79	125	\$36,443,830	\$36,443,83
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U.S. PROJECT MANAGER FOR THE MODERNIZATION OF THE SAUDI ARABIAN NATIONAL GUARD¹ (AUTHORITY: FMS ACT, AS AMENDED)

Saudi Arabia.....	Col. Thomas A. Mort.....	16		341,997	341,997
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DEFENSE ATTACHÉS WITH RESPONSIBILITY FOR ADMINISTRATION OF SECURITY ASSISTANCE²

Austria.....	Col. G. K. Troy.....	11			
Afghanistan.....	Col. Elton L. Weston.....	12			
Australia.....	Col. Harry A. Witt.....	13			
Finland.....	Col. Wallace G. Matthews.....	20			
Ghana.....	Col. Jack A. Dadds.....	4			
Ivory Coast.....	Col. Rayburn L. Smith, Jr.....	7			
Jamaica.....	Lt. Col. Mervyn J. Burns.....	4			
Jordan.....	Col. Clarence C. Mann.....	6			
Lebanon.....	Col. Forest J. Hunt.....	11			
Malaysia.....	Col. Louis Stickney, Jr.....	8			
Mexico.....	Brig. Gen. Richard E. Cavazos.....	14			
Nepal.....	Col. Stephen A. Nemeth.....	2			
New Zealand.....	Col. Wm. W. Leeburg.....	5			
Nigeria.....	Col. James H. Davis.....	5			
Saudi Arabia.....	Lt. Col. Wm. A. Fifer.....	6			
Senegal.....	Lt. Col. David H. Anderson.....	5			
Singapore.....	Col. Rudolf W. Kogan.....	10			
Sri Lanka.....	Comdr. Ralph L. Seger, Jr.....	3			
Sweden.....	Col. John R. Burman.....	13			
Switzerland.....	Col. Edward P. Freeman.....	7			
United Kingdom.....	Rear Adm. Wm. H. Livingston.....	17			
Vietnam.....	Mag. Gen. John E. Murray.....	20			
Yugoslavia.....	Col. John W. Klingelhofer.....	9			

¹ The cost of operating and maintaining TAFT's, U.S. project manager, and U.S. Corps of Engineers is fully reimbursed by the recipient government.

² Defense attaché offices (DAO). In addition to their normal duties, defense attachés reflected above have some responsibility for administration of security assistance. Because the preponderance of time devoted to other duties, annual costs for the security assistance functions is not usually isolated.

Note: In addition to the organizations listed above, the military departments assign personnel on a temporary-duty basis to provide technical assistance to an ally or friendly foreign country. This function, organized as a mobile training team (MTT) differs from a technical assistance field team (TAFT), in that the MTT's are of much shorter duration. The cost of the MTT's are most often reimbursed by the recipient government and often constitutes a part of a larger sales case.

Source: Department of Defense.

New paragraph (2) limits the number of military attaches that can be assigned to a U.S. diplomatic mission. It provides that on and after October 1, 1977, the total number of military attaches assigned

to the United States diplomatic mission shall not exceed by more than 25 percent the total number of military attaches authorized to be assigned to that mission on June 30, 1974. The purpose of this provision is to prevent the ballooning of the size of military attaché groups as the military missions and groups are phased out and their residual functions assumed by attaches.

New paragraph (3) requires that on and after October 1, 1977, no military assistance advisory group, military mission, or other such organization of the United States Government in a foreign country shall be established or continued unless the group, mission, or organization is authorized by law specifically for that country.

Subsection (b) makes appropriate changes in the Foreign Assistance Act effective on October 1, 1977, in order to carry out the policy encompassed in the preceding provisions.

Section 15. Termination of Military Assistance to South Korea

This section, initiated by Senator Church, places ceilings on the amounts available in each of the fiscal years 1975, 1976, and 1977 for military grants and credit sales to South Korea and requires a phase-out of all military grant and credit assistance to that country over the three-year period. The combined military grant/credit ceiling set by the Committee for fiscal year 1975 is \$133.95 million—three-fourths of the total grant/credit program is fiscal year 1974. Within this fiscal 1975 ceiling, no more than \$91.5 million may be used for grants, including grants of excess defense articles, three-fourths of the grant program in fiscal year 1974. Beyond fiscal year 1975, the Committee provided for a steady phase-out of the grant program by placing additional ceilings of \$61.0 million on fiscal year 1976 grants (one-half the fiscal year 1974 grant level) and \$30.5 million on fiscal year 1977 grants (one-fourth the fiscal year 1974 grant level). The table below shows, in millions of dollars, the fiscal year 1974 military aid program to South Korea, the proposed fiscal year 1975 program, and the ceilings set by the Committee:

CEILING FOR SOUTH KOREA
[In millions of dollars and fiscal years]

	1974 program	1975 request	Ceilings imposed by this section		
			1975	1976	1977
Grants.....	121.9	200.8	91.5	61.0	30.5
Military assistance program.....	(78.1)	(161.5)			
Excess defense articles.....	(21.8)	(20.8)			
MAP supply operations.....	(22.0)	(18.5)			
Credit sales.....	56.7	52.0	42.45	28.3	14.15
Total.....	178.6	252.8	133.95	89.3	44.65

The Committee wishes to stress that these are ceilings only and in no way constitute an endorsement by the Committee of aid to Korea at these levels.

The Committee took this action because of its serious concern about the increasingly repressive measures of the South Korean government.

In addition, the Committee was mindful of the GAO recommendation that the United States "give more recognition to Korean finan-

cial capabilities" and that a plan be devised "for phasing out U.S. assistance."

Section 16. Authorization for Security Supporting Assistance

This section amends section 532 of the Act to authorize \$675,000,000 for security supporting assistance activities in fiscal year 1975. This authorization includes funds for the economic assistance portions of the Middle East programs itemized and described in subsequent sections of the bill.

The fiscal year 1975 program proposed by the Executive Branch, as modified by the Committee, is shown in the following comparative table:

SECURITY SUPPORTING ASSISTANCE			
[In thousands of dollars]			
	Fiscal year—		
	1973	1974	1974
Thailand.....	10,600	7,400	
Philippines.....	49,300	700	
Egypt.....			250,000
Israel.....	50,000	50,000	339,500
Jordan.....	50,000	55,000	77,500
Malta.....	14,383	9,500	9,500
Spain.....	3,000	3,000	3,000
U.N. Forces Cyprus (UNFICYP).....	2,400	1,600	4,800
Interregional support costs.....	17,276	3,000	2,700
Subtotal.....	196,959	130,200	687,000
Indochina program.....	425,392	(1)	2(1)
Total.....	622,351	130,200	687,000
Less—Deobligations and recoveries.....	-22,351	-17,700	-12,000
New obligational authority.....	600,000	112,500	675,000

¹ Indochina programs authorized separately under "Indochina relief and reconstruction" in fiscal year 1974 and fiscal year 1975.

Section 17. Transfers Between Accounts

Subsection (a) amends section 610 of the Foreign Assistance Act in two major respects.

Paragraph (1) changes the transfer authority contained in section 610(a) to restrict its use only to transfers of funds into economic assistance programs. Transfers of funds appropriated for economic assistance programs for use in the military assistance program would be prohibited.

Paragraph (2) of subsection (a) adds a new subsection at the end of Section 610 which allows the President to transfer military assistance funds allocated to a country under Section 653 of the Act, other than South Vietnam, Cambodia, and Laos for which separate transfer authority is provided in the new section 809, for use in development assistance programs within that country. Such transfers are authorized only within a country and not between overall program accounts. Thus, funds allocated for military assistance in one country cannot be shifted for use in development assistance programs in another country.

Subsection (b) amends section 614 of the Foreign Assistance Act to prohibit use of the waiver authority of that section to waive the limitations on transfers contained in section 610(a) of the Act.

Section 18. Repeal of prohibition on aid to Greece

This section repeals section 620(v) of the act which prohibits assistance to Greece under the act and sales to Greece under the Foreign Military Sales Act except in the case of a Presidential determination that such assistance or sales are justified for overriding national security reasons.

Section 620(v) was adopted by the Congress in 1971 as an expression of congressional concern over the lack of democratic government in Greece. With the recent return of the Greek Government to civilian control and the restoration of constitutional forms, the committee believes the provision has served its purpose and should be repealed.

Section 19. Limitation upon assistance to or for Chile

This section provides that the total amount of assistance that may be made available for Chile under this or any other law during fiscal year 1975 may not exceed \$55,000,000, none of which may be made available for military assistance (including security supporting assistance, sales, credit sales, or guaranties or the furnishing by any means of excess defense articles or items from stockpiles of the Department of Defense). The executive branch requested a total aid package for Chile amounting to \$84.9 million, of which \$21.3 million was for military assistance and credit sales.

These reductions and limitations on assistance to Chile are an expression of the Committee's concern about the continuing disregard for the protection of human rights in Chile.

Section 20. Reconstruction, Relief, and Rehabilitation

Subsection (a) amends section 203 of the Foreign Assistance Act to authorize use of the balance of repayments on foreign assistance loans for the 1975 fiscal year to be used for economic development programs and reconstruction in the draught-stricken nations of Africa, relief and rehabilitation in Bangladesh and Cyprus, and in general disasters which require large scale relief and rehabilitation efforts which cannot be met adequately with the funds made available for the contingency fund. This will result in an additional \$110,000,000 being made available for these purposes in FY 1975 which, otherwise, would be returned to the Treasury.

Subsection (b) amends section 639B of the Act by adding at the end thereof the following: "Notwithstanding any prohibitions or restrictions contained in this or any other Act, the President is authorized to furnish assistance on such terms and conditions as he may determine, for reconstruction and economic development programs in the drought-stricken nations of Africa."

Subsection (c) adds a new section 639C which, in the new subsection (a), contains a finding of Congress that the recent flooding in the People's Republic of Bangladesh, and the civil and international strife in the Republic of Cyprus, have caused great suffering and hardship for the peoples of the two Republics which cannot be alleviated with their internal resources. It further requires that the President shall make every effort to develop and implement programs of relief and rehabilitation, in conjunction with other nations providing assistance, the United Nations, and other concerned international and regional organizations and voluntary agencies, to alleviate the hardships caused in these two nations.

The new subsection (b) authorizes the President to furnish assistance on such terms and conditions as he may determine, for disaster relief, rehabilitation, and related programs in the People's Republic of Bangladesh and the Republic of Cyprus.

Subsection (d) amends the Act to add a new section 639D which authorizes the President to furnish assistance, on such terms and conditions as he may determine for disaster relief, rehabilitation, and related programs in the case of disasters that require large scale relief and rehabilitation efforts which cannot be met adequately with the funds available for obligation under section 451 of the Act.

Subsection (e) amends the Act by adding a new section 639E which provides that assistance for the purposes set forth in sections 639A, 639B, 639C, and 639D shall be distributed wherever practicable under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies.

Section 21. Access to Certain Military Bases Abroad

This section would add a new section 659 at the end of the Foreign Assistance Act of 1961 to make permanent law what is now section 29 of the Foreign Assistance Act of 1973 which was effective only for fiscal year 1974.

The purpose of this provision is to insure that American newsmen have access to overseas base facilities constructed or maintained by United States funds and used by U.S. personnel to carry out military operations. The American public, consistent with security requirements, has a legitimate right to be kept informed about activities conducted from such facilities and they rely on the news media to perform this service.

This provision, though general in scope, resulted from U.S. newsmen being denied access to bases in Thailand, constructed with the tax dollars of U.S. citizens, which are manned by U.S. military personnel.

The Committee believes that the provision enacted last year has achieved results and has decided that it should be made permanent.

Section 22. Prohibiting Police Training

Section 22, initiated by Senator Abourezk, would add a new section 660 to the Foreign Assistance Act which would prohibit use of foreign assistance funds to provide training, advice or financial support for police, prison, or other law enforcement forces of a foreign country.

The prohibition will not apply:

(1) with respect to assistance rendered under section 515(c) of the Omnibus Crime Control and Safe Streets Act of 1968, or with respect to any authority of the Drug Enforcement Administration or the Federal Bureau of Investigation which relates to crimes of the nature which are unlawful under the laws of the United States, or

(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program.

This provision will expand the prohibition in section 112 of the Foreign Assistance Act of 1961 which was adopted by Congress last year. As approved by the Committee and passed by the Senate the provision that became section 112 would have prohibited all training

of foreign police and related forces. However, in conference a compromise was reached with the House which applied the prohibition only to training. This new provision, in effect, will carry out the objective endorsed by the Senate last year in S. 2335. The Committee's comments on the prohibition proposed last year bear repeating here.

United States participation in the highly sensitive area of public safety and police training unavoidably invites criticism from persons who seek to identify the United States with every act of local police brutality or oppression in any country in which this program operates. It matters little whether the charges can be substantiated, they inevitably stigmatize the total United States foreign aid effort. In undeveloped areas of the world, the costs of public safety programs are better left to be underwritten from local resources and the United States assistance effort directed toward less sensitive areas of social or economic development.

We have troubles enough with police/community relations in our own society. The Committee believes that our government's efforts would be better directed to this, and our own crime problem, rather than trying to teach foreigners how to run their police departments.

The prohibition is not intended to affect narcotics training by the Drug Enforcement Administration or to be interpreted as barring the routine sharing with foreign governments of information on international crimes, hijacking, terrorist activities, and the like.

Section 112 of the Foreign Assistance Act, which is superseded by this prohibition, is repealed.

Section 23. Limitations Upon Intelligence Activities

Section 25 adds a new section 601 to the foreign Assistance Act which prohibits use of any appropriated funds by or on behalf of the Central Intelligence Agency or any other agency of the United States Government for the conduct of operations in foreign countries pursuant to section 102(d)(5) of the National Security Act of 1947 (50 U.S.C. 403), other than operations intended solely for obtaining necessary intelligence. Notwithstanding this limitation, the President may authorize and direct that any operation in a foreign country be resumed, or that any other operation in a foreign country be initiated, and funds may be expended therefor, if, but not before, he (1) finds that such operation is important to the national security, and (2) transmits an appropriate report of his finding, together with an appropriate description of the nature and scope of such operation, to the committees of the Congress having jurisdiction to monitor and review the intelligence activities of the United States Government.

Under subsection (b), the provisions of the restriction will not apply during military operations by the United States under a declaration of war approved by the Congress or an exercise of powers by the President under the War Powers Resolution.

Section 24. Grant of Presidential Waiver Authority

During its consideration of the various restrictions contained in the Foreign Assistance Act and related legislation, the Committee agreed in principle that the President should be given the authority, if he de-

termines that it serves the national interest, to waive any provision in this act or the Agricultural Trade Development and Assistance Act of 1954 which prohibits assistance to any nation because it conducts normal trade relations with a designated country. Such restrictions currently apply to nations trading with North Vietnam and Cuba.

While there is a need for such restrictions, there is also a need for flexibility in their application. This amendment is designed to give full recognition to both of these requirements.

When the President exercises the waiver authority authorized by this section he must report to the Congress.

Sections 25-34. Indochina

GENERAL COMMENTS CONCERNING ACTIONS BY THE COMMITTEE RELATING TO INDOCHINA

In the course of its consideration of S. 3394 the Committee took several related actions designed to reduce and limit further the scope of United States involvement in Indochina. These include expenditure ceilings, personnel ceilings, and authorization of economic assistance by specific categories and programs.

A central feature of this bill is a policy statement which calls on the Executive Branch to take new initiatives designed to bring about an effective cease-fire throughout Indochina, to reduce arms shipments to the area, and to bring about a lasting settlement of the issues which have fueled the past quarter century of tragic conflict. In addition, the Committee has set forth guidelines for economic assistance designed to ensure the effective utilization of such assistance as the Congress may see fit to provide for the Indochina area in the future. It has also specified the types of assistance activities which may be carried out under the authorizations provided for the 1975 fiscal year. The Committee believes that the restrictions and policy guidelines it recommends are appropriate for the United States' limited and diminishing responsibilities and interests in Indochina and that they will enhance the prospects for a peaceful settlement of the unresolved political and military issues in the area.

The specific Indochina items in the Committee bill are explained in detail in the section-by-section analysis of this report. In order that the overall scope of the Committee's recommendations may be more easily understood a summary of the major aspects follows:

Expenditure ceilings.—The bill establishes country-by-country ceilings on total obligations which may be incurred in fiscal year 1975 for economic and military assistance programs in South Vietnam, Cambodia and Laos. Senator Symington proposed these ceilings. In previous years similar restrictions were placed on United States expenditures in Cambodia and Laos but this is the first time that any ceiling has been placed on United States spending in Vietnam.

The ceilings recommended for the three countries are: Vietnam \$1,274,900,000; Cambodia \$377,000,000, and Laos \$70,000,000, a total of \$1,721,900,000 for the three. This compares with a total of \$3,120,300,000 proposed for these programs by the Executive Branch. Thus, the Committee recommends that the requested foreign aid program

for Indochina be reduced by \$1,398,400,000. Comparative data is contained in the following table:

ASSISTANCE TO INDOCHINA—ESTIMATED FISCAL YEAR 1974, EXECUTIVE BRANCH PROPOSAL FOR FISCAL YEAR 1975 AND CEILINGS RECOMMENDED BY COMMITTEE

(In millions of dollars)

	Estimate, fiscal year 1974	Executive branch proposal, fiscal year 1975	Committee recommen- dation for fiscal year 1975	Reduction from executive branch request
South Vietnam:				
1. Military assistance (MASF) ¹	864.5	1,485.0	700.0	-785.0
2. General economic assistance (IPR) ²	349.0	750.0	449.9	-301.1
3. AID loan ³	50.0			
4. Public Law 480 ⁴	304.7	160.6	125.0	-35.6
Total, South Vietnam	1,568.2	2,395.6	1,274.9	-1,120.7
Cambodia:				
1. Military assistance ¹	399.3	391.3	200.0	-191.3
2. General economic assistance (IPR) ²	95.0	110.0	100.0	-10.0
3. Public Law 480 ⁴	194.2	77.0	77.0	
Total, Cambodia	688.5	578.3	377.0	-201.3
Laos:				
1. Military assistance ¹	81.0	90.9	30.0	-60.9
2. General economic assistance (IPR) ²	40.6	55.2	40.0	-15.2
3. Public Law 480 ⁴	3.6			
Total, Laos	125.2	146.4	70.0	-76.4
Total, Indochina	2,381.9	3,120.3	1,721.9	-1,398.4

¹ New obligational authority and excess defense articles.

² Includes supplemental appropriation of \$49,000,000.

³ Includes supply operations and excess defense articles.

⁴ Includes \$250,000,000 in Department of Defense stocks.

⁵ Military assistance service funded.

Transferability of funds.—This bill permits the one-way transfer of military support funds provided for South Vietnam, Cambodia, and Laos to be used for war relief, reconstruction or general economic development in those countries. The transfer authority, sponsored by Senator Case, is a complementary feature of the overall ceilings. It recognizes the desirability of allowing the Executive Branch a degree of flexibility in the reallocation of overall U.S. resources. Since it is a one-way authority, however, the Executive Branch is precluded from using the transfer authority to increase military aid at the expense of relief and economic programs. The Committee hopes that the Executive Branch will use the transfer authority to encourage a shift in emphasis from military to political confrontation in South Vietnam and Cambodia.

Amounts

In acting on Executive Branch requests for military and economic assistance the Committee has recommended amounts sufficient to meet the basic needs of the recipient countries consistent with the policy objectives set forth in the bill. The amounts recommended by the Committee also take into account the recipient's ability to make effective use of United States funds as well as the constraints on the United States' ability to provide funds in a time of high inflation, sizeable budget deficits, and economic uncertainty here at home.

Within the overall ceiling of \$1,274,900,000 for Vietnam, the Committee authorized \$449,900,000 for general economic assistance, \$308,100,000 less than requested by the Executive Branch. The balance of the ceiling is made up of \$125,000,000 in Public Law 480 commodities, and \$700,000,000 for military support, the amount provided in the Department of Defense appropriation bill.

The Committee not only reduced the Administration's request but also included in the bill guidelines to insure more effective utilization of any United States aid that may be approved in the future.

Although the economic problems of Vietnam are particularly complex, the Committee's guidelines are also applicable to Cambodia and Laos. The Committee expects the specific plans and performance criteria which are called for in the guidelines to provide a basis for evaluating AID and recipient government performance under the fiscal year 1975 program and against which future Indochina aid requests may be critically examined. Moreover, the Committee believes that specific guidelines are imperative as a means of ensuring that whatever United States assistance is made available will be used wisely. The Committee feels very strongly that it would be an abdication of Congress' responsibilities to make available vast amounts of the taxpayers' money to be spent at the discretion of the Vietnamese and AID.

In adopting these guidelines the Committee does not intend to commit itself to support of continued aid to Vietnam at these or any other levels. The Committee will consider the situation anew next year in the light of developments.

The Committee recommends the authorization of \$100,000,000 of economic assistance to Cambodia.

The war in Cambodia is clearly a civil war. The Committee staff has reported that U.S. intelligence officials acknowledge that the North Vietnamese play little or no role in the current fighting. Reports from Cambodia indicate diversion grossly excessive use of ammunition by the Cambodian military including massive amounts of "harassment and interdiction" fire. It is also noted that the insurgent Cambodian forces employ considerable amounts of United States ammunition, particularly 105 mm. howitzer shells. Ammunition alone accounts for over \$300,000,000 of the proposed \$391,300,000 Cambodia program. The Committee believes that this amount should be cut in half. Other economies could be realized if better leadership were exercised on the government side. Accordingly, the Committee has authorized \$200,000,000 for military assistance in Cambodia, which still appears quite large in view of the fact that the attacking forces are only about one-fourth the size of the Lon Nol forces.

In any event, the war in Cambodia must be stopped and, as the Committee has pointed out in its policy recommendations, the United States should take steps to establish contact with the Khmer insurgents to do what is necessary in order to bring about a cease-fire at the earliest possible date.

In Laos, the Committee could find no valid justification for the Administration's proposal to provide more military assistance during a year of expected cease-fire than was provided during the past year. Accordingly, the Lao military assistance program was reduced from \$90,900,000 to \$30,000,000.

United States economic aid in Laos is used primarily to support the economy of the capital city of Vientiane. The \$40,000,000 approved by the Committee should be sufficient to accomplish that objective. The existence of the authority to transfer military funds to economic development purposes should provide an incentive to both sides to hold down fighting and thus enable the Lao to use most of the \$70,000,000 total aid authorized for constructive or humanitarian purposes.

United States policy in Laos is designed to facilitate the establishment of peace and national reconciliation. To this end, United States assistance must operate within the terms of the agreements on a cease-fire and a coalition government signed by the Laotian parties in February and September, 1973. Since that latter agreement establishes a Provisional Government of National Union, American aid should be channeled through that government to the extent possible. Also insofar as is possible, United States programs for humanitarian assistance, reconstruction, and development should be available to all areas of Laos and should be directed to wherever the need is greatest and the assistance desired.

Specific Program Authorizations.—Upon the recommendation of Senator Case, the Committee on Foreign Relations has specified that economic assistance to South Vietnam, Cambodia and Laos shall be authorized in several major program categories. In the case of South Vietnam, the Committee authorized specific amounts for projects or programs within each of the major categories.

The Committee has attempted to authorize a balanced program of economic assistance for South Vietnam within the overall total authorized. In so doing, the Committee expects detailed and regular reporting on the progress of each general program and detailed descriptions of any activities to be carried out under any sub-category within the four major categories.

The budget authorizations for the general categories of activities and the line items for the sub-programs are austere, reflecting a very significant reduction in the Executive Branch recommendations for economic assistance to South Vietnam. But, while severe, the economic aid principles and political objectives set forth in the bill are designed to foster meaningful economic development, expansion of agricultural production and qualitative improvement in the life of the people of Vietnam regardless of political persuasion.

The Committee is dismayed by reports of continuing waste and mismanagement in South Vietnam of United States assistance funds and the failure to account adequately for the expenditure of funds made available by the Congress. Under the tightly drawn budgetary program recommended the Committee hopes to rectify this situation.

Section 25. Statement of Policy—Indochina

Section 25, initiated by Senator Humphrey, is a statement of policy by Congress relative to the situation in Indochina.

Congress finds that the cease-fire promulgated in the Paris Agreement on Ending the War and Restoring Peace in Vietnam has not been observed by any Vietnamese party to the conflict. Hostilities of an offensive and defensive nature still continue in South Vietnam. In Cambodia, the conflict between insurgent forces and the Lon Nol government has intensified resulting in widespread human suffering and the near total collapse of the Cambodian national economy.

The Congress further finds that continuation of the military struggles in South Vietnam and Cambodia is not in the interest of the parties directly engaged in the conflicts, the people of Indochina or world peace. In order to lessen the human suffering in Indochina and to bring about a true peace there, the Congress hereby urges and requests the President and the Secretary of State to undertake immediately the following measures:

(1) Begin negotiations with representatives of the Soviet Union and the People's Republic of China towards a mutually agreed upon and rapid de-escalation of military assistance on the part of the three principal suppliers of arms and materiel to all Vietnamese and Cambodian parties engaged in conflict.

(2) Take all necessary measures strongly requesting that the government of the Khmer Republic enter into negotiations with representatives of the Khmer Government of National Union which will lead to an immediate cease-fire and political settlement of the conflict. Use all available means to establish contact with the Khmer Government of National Union and to urge them to participate in such negotiation. The United States should urge all Cambodian parties to use the good offices of the United Nations or a respected third country for the purpose of bringing an end to hostilities and reaching a political settlement.

(3) Utilize any public or private forum to negotiate directly with representatives of the Democratic Republic of Vietnam, the Provisional Revolutionary Government and the Republic of Vietnam to seek a new cease-fire in Vietnam and full compliance with the provisions of the Paris Agreement on Ending the War and Restoring Peace in Vietnam.

(4) Reconvene the Paris Conference to seek full implementation of the provisions of the Agreement of January 27, 1973 on the part of all Vietnamese parties to the conflict.

(5) Maintain regular and full consultation with the appropriate committees of the Congress and report to the Congress and the Nation at regular intervals on the progress toward obtaining a total cessation of hostilities in Indochina and a mutual reduction of military assistance to that area.

Section 26. Statement of Principles To Govern U.S. Economic Aid to Indochina

Section 26, initiated by Senator Humphrey, is a policy statement by Congress concerning the principles which should guide U.S. economic assistance programs to Indochina.

Congress finds that after expending over a billion dollars in funds for economic purposes in Indochina last year, and vast amounts in previous years, that little in lasting economic benefit remains. A large proportion of the funds expended has been used for consumable items related to the war effort. Very little of our money has found its way into capital investments of lasting productive benefit to the people.

Congress calls upon the President and Secretary of State to take immediately the following actions designed to maximize the benefit of United States economic assistance.

(1) Organize a consortium to include the multilateral financial institutions to help plan for Indochina reconstruction and develop-

ment; to coordinate multilateral and bilateral contributions to the area's economic recovery; and to provide continuing advice to the recipient nations on the use of their own and outside resources.

(2) Develop in coordination with the recipient governments, other donors and the multilateral financial institutions a comprehensive plan for Indochina reconstruction and economic development.

(3) Develop country-by-country reconstruction and development plans, including detailed plans for the development of individual economic sectors, that can be used to identify and coordinate specific economic development projects and programs and to direct U.S. resources into areas of maximum benefit.

(4) Shift the emphasis of United States aid programs from consumption oriented expenditures to economic development.

(5) Identify possible structural economic reforms in areas such as taxation, exchange rates, savings mechanisms, internal pricing, income distribution, land tenure, budgetary allocations, and corruption, which should be undertaken if Indochinese economic development is to progress.

(6) Include in Indochina economic planning and programming specific performance criteria and standards which will enable the Congress and the Executive Branch to judge the adequacy of the recipients' efforts and to determine whether, and what amounts of, continued American funding is justified.

None of the foregoing is meant to imply continuation of American financial commitment beyond the authorization provided for in this legislation.

Section 27. Authorization of Economic Assistance for South Vietnam, Cambodia, and Laos

Section 27 amends section 802 of the Foreign Assistance Act to authorize appropriations for fiscal year 1975 to provide economic assistance, other than Public Law 480 assistance, to Indochina. The Committee recommends an authorization of \$617,000,000 for fiscal year 1975, a reduction of \$322,800,000 from the Executive Branch request of \$939,800,000. This is an increase of \$113,000,000 above the authorization for fiscal year 1974. \$449,000,000 was appropriated for this purpose in fiscal 1974.

The table below compares the Committee's recommendations with the Executive Branch request and the program for fiscal year 1974:

INDOCHINA ECONOMIC ASSISTANCE				
Program	Fiscal year 1974	Executive branch request fiscal year 1975	Committee recommendation, fiscal year 1975	Reduction in executive branch request
South Vietnam.....	¹ \$399,000,000	\$750,000,000	\$449,900,000	-\$300,100,000
Cambodia.....	95,000,000	110,000,000	100,000,000	-10,000,000
Laos.....	40,000,000	55,200,000	40,000,000	-15,200,000
Regional programs.....	2,000,000	9,400,000	4,100,000	-5,300,000
AID support costs ²	13,000,000	18,700,000	16,000,000	-2,700,000
Humanitarian assistance through international organizations.....			7,000,000	+7,000,000
Total.....	549,000,000	³ 943,300,000	617,000,000	326,300,000

¹ Includes a \$50,000,000 development loan.

² The pro rata share of AID's worldwide technical and administrative activities which support the Indochina program. Separate in-country AID support costs are included in the country amounts.

³ Includes \$3,500,000 in reimbursements and recoveries.

Section 28. Assistance to South Vietnamese Children

This section insures that \$10,000,000 will be available for assistance to child care programs in South Vietnam in fiscal year 1975, a \$5,000,000 increase in the earmarking for that purpose from the fiscal year 1974 requirement.

One of the most tragic results of the Indochina war is the plight of millions of disadvantaged children left in its wake. The orphaned, the maimed, and the homeless are continuing victims of the violence in Indochina.

The Committee has noted the affirmative response of AID to the Congressional mandate of last year.

Section 29. Limitations With Respect to South Vietnam

Section 29 contains limitations relative to South Vietnam which will be added as a new section 806 to the Foreign Assistance Act.

The new subsection (a) of 806 establishes a ceiling of \$1,274,900,000 on amounts that may be obligated in fiscal year 1975 for the purpose of providing economic or military assistance to South Vietnam. Under that ceiling up to \$700,000,000 can be for military assistance, \$125,000,000 for Public Law 480 commodity assistance, and \$449,900,000 for economic assistance as specified in the bill.

COMPARATIVE DATA ON THE CEILINGS FOR SOUTH VIETNAM
(In millions of dollars)

	Estimate, fiscal year 1974	Executive branch proposal, fiscal year 1975	Committee recommenda- tion for fiscal year 1975
South Vietnam:			
1. Military assistance (MASF) ¹	864.5	1,485.0	700.0
2. General economic assistance (IPR).....	349.0	750.0	449.9
3. AID loan.....	50.0		
4. Public Law 480.....	304.7	160.6	125.0
Total, South Vietnam.....	1,568.2	2,395.6	1,274.9

¹ New obligational authority and excess defense articles.

² Includes supplemental appropriation of \$49,000,000.

Similar ceilings have been enacted in the past for Laos and Cambodia. They were generally effective in both instances. Whereas actual U.S. expenditures in Laos had consistently been almost twice what had been previously reported to Congress before the ceiling was imposed, thereafter spending stayed substantially within the limits prescribed. The ceiling was effective in Cambodia but it was allowed to lapse in fiscal year 1974. The Executive Branch subsequently grossly exceeded the overall amounts projected at the beginning of the year for all categories of aid to Cambodia. Public Law 480 deliveries escalated, for example, from a \$30 million projection to \$194 million. For military assistance, the Administration originally requested \$167,200,000. A total of \$399,300,000 was ultimately used for that purpose, including \$250,000,000 in materials taken from Defense Department stocks.

In Vietnam, the accounting under the Military Assistance Service funded (MASF) program is now acknowledged to have been inaccurate over the years. No one really knows how much was spent in Viet-

nam for military support between 1966 and 1973. When this fact came to light, the Senate Committee on Armed Services acted decisively to correct the many loopholes in the management and accounting for this program. The inclusion of military aid in the ceiling for South Vietnam is intended to complement the actions taken by Congress in the Department of Defense Appropriation Bill.

Paragraph (3) of 806(a) provides authorizations by major categories and by program or project under each of those categories. This provision and the specific authorizations for Cambodia and Laos were initiated by Senator Case.

The Committee has approved four major programs for economic assistance to South Vietnam. These are: (A) Humanitarian Assistance; (B) Agricultural Assistance; (C) Industrial Development Aid and (D) Miscellaneous which includes funds for purchase of petroleum and for support of the USAID mission in Vietnam.

Under an amendment, also initiated by Senator Case, funds available for military assistance to Indochina may be transferred for humanitarian relief and economic development programs within each country, on a country-by-country basis. Transfers cannot be made from one country to another. This discretionary feature of the bill should assist further the development of humanitarian assistance programs the Committee deems crucial for Vietnam.

The most crucial of the programs approved for Vietnam is that for humanitarian relief, for which the Committee has allocated \$90,000,000. The Committee hopes that a concerted effort will be made to prevent the use of United States funds for the support of so-called refugee activities which have direct political or military objectives. One way in which this can be done is to begin to provide more United States support to voluntary and international agencies working in the refugee field. This is largely a local cost program and the Committee seeks to insure that both dollars and the piasters which they generate are used for the intended purpose.

Assistance in agricultural production is the next most valid need in South Vietnam. The Committee has recommended that \$154,500,000 be used for this purpose. The Committee is of the view that AID should move away from placing further emphasis on capital intensive agriculture.

Additional data concerning Committee's recommendations follows:

I. Humanitarian assistance

A. AID recommended budget:	Millions
Refugee relief and resettlement.....	\$86.5
Child care.....	8.2
Health care.....	10.3
City to farm program.....	30.0
Total AID recommendations.....	135.0
B. Committee authorization:	
Refugee relief and resettlement.....	70.0
Child care.....	10.0
Health care.....	10.0
Total authorization.....	90.0

II. Agricultural assistance

A. AID recommended budget:	<i>Millions</i>
Fertilizer, POL, and pesticides	\$185
Rural credit	60
Canal dredging	10
Low-lift pumps	4
Fish farm development	4
Salt water intrusion	11
Total AID recommendations	274
B. Committee authorization:	
Fertilizer	85.0
POL (agriculture)	12.0
Insecticides and pesticides	6.0
Agricultural machinery and equipment	10.0
Agricultural advisory services	3.5
Rural credit	20.0
Canal dredging	10.0
Low-lift pumps	4.0
Fish farm development	4.0
Total authorization	154.5

The Republic of Vietnam has the capacity to become self-sufficient in essential foodstuffs and, even with its increased population, a major exporter of food products and forestry products such as raw and finished lumber. But radical change will be needed for this to come about. A significant problem is the continuation of the war which makes the development of the forestry and rubber industries virtually impossible. The war also diminished the amount of available crop growing land—especially rice areas—and interrupted the food distribution system.

Even in light of these conditions progress has been made in expanding food production, especially rice, through the introduction of hybrid rice plants which require fertilizer and pesticides for growth. The United States should encourage South Vietnam to continue to work toward self-sufficiency in food production.

III. Industrial development

A. AID recommended budget:	<i>Millions</i>
Commodities for industrial production	\$155.0
Industrial credit	40.0
Industrial park	5.0
Urea plant	80.0
Export processing zone	5.0
Highway construction	3.4
Development planning	.6
Total AID recommendations	289.0
B. Committee authorization:	
Commodities for industrial development	124.0
Industrial credit	10.0
Industrial advisory services	5.8
Total authorization	139.8

The Committee has made substantial reductions in the industrial development category. In the Committee's view, humanitarian and

agricultural needs are the most important to the Vietnamese and industrial development is of far less significance when it comes to deciding how to divide the limited funds available.

	IV. Miscellaneous	Millions
Service sector-----		\$47.9
Support of AID mission-----		17.7

The last category is assistance to help provide fuel and other commodity support to Vietnam's transportation system and to pay for the costs of AID's administrative and technical activities which are not directly chargeable to a specific project.

Implementation of Ceiling

The new subsections (c), (d) and (e) contain further specifics concerning the ceiling imposed on spending for South Vietnam.

New subsection (c) provides that in computing the limitations on obligation authority under subsection (a) with respect to any fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment services, personnel or advisers provided to, for, or on behalf of South Vietnam in the fiscal year by gift, donation, loan, lease or otherwise. For the purpose of the subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of South Vietnam but in no case less than 33 1/3 per centum of the amount the United States paid at the time the goods, supplies, materials, or equipment were acquired by the United States.

New subsection (d) provides that no funds may be obligated for any of the purposes described in subsection (a) in, to, for, or on behalf of South Vietnam in any fiscal year beginning after June 30, 1975, unless the funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any purpose during the fiscal year.

New subsection (e) states that after the date of enactment of the section, whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of South Vietnam for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which the funds are to be used in the fiscal year.

New subsection (f) requires the President to submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, for, or on behalf of South Vietnam during the preceding quarter by the United States Government and specifies that it shall include a general breakdown of the total amount obligated, describing the different purposes for which the funds were obligated and the total amount obligated for each purpose.

New Subsection (g) Limitations on U.S. Personnel in Vietnam.— subsection (g) establishes ceilings on the number of Americans and enactment of this bill. This ceiling applies to both direct hire and per-

sonnel employed by government contractors. Further reductions in the ceilings are to become effective twelve months thereafter. Within the ceiling on American personnel a subceiling is imposed on the number of members of the U.S. armed services and all direct hire and contractor personnel of the Department of Defense. The intent of the Committee is that these limitations shall apply to both permanently authorized and so-called temporary duty personnel.

The ceilings are as follows:

	Overall	DOD personnel	3d country nationals
As of 6 months from enactment.....	4,000	2,500	800
As of 12 months from enactment.....	3,000	1,500	500

Of the 5,200 total personnel who were in South Vietnam as of May 1974 some 3,650 were military or DOD; of these approximately 850 were civilian direct hire DOD employees, 2,600 were DOD contractors and 200 were uniformed military (50 attaches and 150 Marine guards). The Committee was informed a year ago that by January 1974, all DOD direct hire personnel and all but 2,000 contractors would be phased out. It was further assured that "very soon thereafter" contractor personnel would number only 500. As indicated, these pledges have not been met. The principal reason for this is that U.S. personnel are continuing to provide substantial direct maintenance and operational support to the Vietnamese armed forces. By this time, the contractors were to have trained South Vietnamese to take over their jobs but this has not occurred. Imposition of these ceilings should stimulate the turnover to the Vietnamese of jobs that are now being performed by U.S. contractors.

The progressively declining ceiling for U.S. supported third country national personnel is also intended to foster South Vietnamese self-sufficiency. Unless the so-called "TCN's" are controlled, departing Americans will simply be replaced with other foreigners. Given the skill and resourcefulness of the South Vietnamese and their long exposure to American training and example, there is no justification for continuing this practice.

It is made clear that the new subsection shall not be construed to apply to any individual in South Vietnam who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in South Vietnam.

New subsection (h) states that nothing in the new section shall be construed as a commitment by the United States to defend South Vietnam.

Section 30. Limitations With Respect to Cambodia

Section 30 would add a new section 807 to the Act providing for limitations with respect to Cambodia.

The new subsection (a) would set a ceiling of \$377,000,000 in fiscal year 1975 on obligations for the purpose of providing economic or

military assistance to Cambodia. It further specifies categories of assistance within the overall ceiling as follows: military assistance \$200,000,000; Public Law 480 commodity assistance \$77,000,000; and economic assistance \$100,000,000.

COMPARATIVE DATA CONCERNING THE CEILING FOR CAMBODIA
[In millions of dollars]

	Estimate, fiscal year 1974	Executive branch request, fiscal year 1975	Committee recom- mendation fiscal year 1975
Cambodia:			
Military assistance ¹	399.3	391.3	200.0
General economic assistance (IPR).....	95.0	110.0	100.0
Public Law 480.....	194.2	77.0	77.0
Total, Cambodia.....	688.5	578.3	377.0

¹ Includes supply operations and excess defense articles.

² Includes \$250,000,000 in Department of Defense stocks.

The Committee has specified four areas of approved programming for use of the \$100,000,000 in economic assistance recommended for Cambodia. These are humanitarian, commodity imports, multilateral stabilization and technical support. Clearly the most urgent of these is humanitarian relief for which the Committee has allocated \$20 million. Unfortunately, both the Executive Branch and the Cambodian Government have been slow to respond to the humanitarian needs of the Cambodian people. At present almost all relief work in Cambodia is being carried out by voluntary agencies. The Committee strongly approves of this means of providing relief and will expect the Agency for International Development to provide the maximum possible support to such agencies, including the International Committee of the Red Cross, from the funds authorized. In this connection, the Committee has written into the bill a provision which exempts voluntary agency personnel from the ceilings on American and third-country national personnel.

ECONOMIC ASSISTANCE CATEGORIES, CAMBODIA
[In millions of dollars]

	Executive branch proposal	Committee recom- mendation
Humanitarian.....	20.0	20.0
Commodity import.....	71.0	63.0
Multilateral stabilization.....	7.5	15.0
Technical support and participant training.....	1.5	2.0
Total.....	110.0	100.0

The new subsection (b) prohibits the transfer of economic assistance or Public Law 480 funds for use for military aid purposes and also limits transfers within the four categories of economic assistance.

The new subsections (c), (d), (e) and (f) relate to the implementation of this ceiling on obligations for Cambodia requirements identical to those explained in the analysis of the new section 806.

Paragraphs 1 through 3 are essentially the same as section 656 of the Foreign Assistance Act. They continue existing restrictions on U.S. personnel and U.S. paid personnel in Cambodia.

The total number of civilian officers and employees of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such members while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred. The United States shall not, at any one time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eighty-five individuals in Cambodia who are citizens of countries other than Cambodia or the United States.

The Committee adopted an amendment offered by Senators Case, Symington, and Humphrey, designed to encourage expansion of private relief activities in Cambodia. At present these are being carried out almost exclusively by American voluntary nonprofit organizations and by the International Committee of the Red Cross. The Committee has been informed that these organizations are willing to expand their operations in order to meet the increasing humanitarian needs of the Cambodian people. In order to do so, however, the relief organizations need U.S. funds to support their personnel since they have now reached the limit of their own resources. To date, AID has been unwilling to provide personnel support funds to the relief agencies since, if it did so, the personnel supported would be subject to the personnel ceilings. The Committee questions the appropriateness of the Embassy's decision to give priority in its personnel allocation to military personnel, rather than to increasing the number working on relief programs.

The new subsection (h) carries over the provision from subsection 655(g) which states that the section shall not be construed as a commitment by the United States to defend Cambodia.

Subsection (b) of section 31 repeals sections 655 and 656 of the Foreign Assistance Act since they will become obsolete upon the enactment of this act.

Section 31. Limitations With Respect to Laos

Section 31 will enact a new section 808 to the Foreign Assistance Act of 1961 which will establish a ceiling on and specify the distribution of United States assistance to Laos for fiscal year 1975. Subsection (a) of the new section 808 imposes a ceiling of \$70,000,000 on obligations for the purpose of providing military and economic assistance to Laos in fiscal year 1975. Under the ceiling, \$30,000,000 is allowed for military assistance and \$40,000,000 is allowed for economic assistance, which is allocated into four categories. The table below provides comparative data on assistance for Laos.

ASSISTANCE TO LAOS
[In millions of dollars]

	Estimate, fiscal year 1974	Executive branch request, fiscal year 1975	Committee recommendation, fiscal year 1975
Laos:			
Military assistance.....	\$ 81.0	\$ 90.9	\$ 90.0
General economic assistance (IPR).....	40.6	55.2	40.0
Public Law 480.....	3.6	.3	
Total, Laos.....	125.2	146.4	70.0

¹ New obligatory authority and excess defense articles.

² Military assistance service funded.

³ Includes supply operations and excess defense articles.

Four categories of assistance authorized for Laos are: humanitarian; reconstruction and development; stabilization; and technical support. For these categories the Committee recommends the following:

ECONOMIC ASSISTANCE CATEGORIES, LAOS

	Executive branch request	Committee recommendation
1. Humanitarian.....	\$15,300,000	\$11,000,000
2. Reconstruction and development.....	22,400,000	8,500,000
3. Stabilization.....	17,500,000	16,100,000
4. Technical support.....	(6,300,000)	8,400,000
Total.....	\$55,200,000	\$40,000,000

United States policy in Laos is designed to facilitate the establishment of peace and national reconciliation. To this end, United States assistance must operate within the terms of the agreements on a cease-fire and a coalition government signed by the Laotian parties in February and September, 1973. Since that latter agreement establishes a Provisional Government of National Union, American aid should be channeled to the extent possible through that government. Also, insofar as is possible, U.S. programs for humanitarian assistance, reconstruction, and development should be available to all areas of Laos and should be directed wherever the need is greatest and the assistance desired.

The new subsection (b) prohibits transfer of economic assistance funds authorized for Laos for use as military assistance. Military assistance funds may be transferred to and used in the economic assistance categories in accordance with the new section 809. There may be limited transfers of funds between the four economic assistance categories.

The new subsection (c) through (f) relate to implementation of this ceiling for Laos, and are identical to those explained in the analysis of section 806.

The new subsection (g) states that the new section shall not be construed as a commitment by the United States to defend Laos.

Section 32. Population, Narcotics, International Humanitarian and Regional Programs.

Section 32 adds a new section 809 to the Act which exempts four types of programs from the obligational ceilings imposed on South Vietnam, Cambodia and Laos---

- (1) Narcotics control programs.
- (2) Population growth programs.
- (3) IPR funded humanitarian activities carried out by UNICEF, UNHCR, and the ICRC.
- (4) Regional programs benefitting, in whole or in part South Vietnam, Laos and Cambodia. It is impossible to allocate costs of these programs to individual countries.

Section 33. Transfer of Funds

Section 30 adds a new section to the Foreign Assistance Act.

Subsection (a) prohibits use of the transfer authority of section 610 of the Act to add to, or take away from, the funds appropriated for assistance to South Vietnam, Cambodia, or Laos.

Subsection (b), initiated by Senator Case, provides that any funds made available for military assistance for South Vietnam, Laos, or Cambodia may be used for war relief, reconstruction, or general economic development purposes.

Section 34. Assistance to Nations in the Middle East

This section contains authorizations for allocations of assistance to nations in the Middle East. Although, with the exception of the proposed authorization for the Middle East Special Requirements Fund, the funds involved here are actually authorized in other provisions of the bill, these specific allocations for the Middle East emphasize the importance attached to these programs by the Committee and Executive Branch officials as a means of promoting peace and stability in the region. In testimony on this bill Secretary Kissinger stated:

America has a vital stake in a lasting Mid-East settlement. Our traditional concern for the security of Israel, our transformed relations with the Arab states, the danger of great power confrontation which chronic Arab-Israeli conflict creates, and the necessity for a cooperative approach to the energy problem—all demonstrate the American interest. We are asking Congress for sufficient resources to make it possible for us to play a constructive role.

* * * * *

The program we propose would provide Israel with the assistance needed to maintain its own security, strengthening its resolve to persevere in the negotiations assured of its own strength and our support.

It would give tangible expression to our new and fruitful relations with various Arab countries and encourage those seriously prepared to work for peace.

* * * * *

In short, we have both opportunity and responsibility in the Middle East. Opportunity to reach the goal of the negoti-

ated peace that is so vital to world peace and that has so long eluded us. Responsibility to assist those countries in the area which have accepted that goal and which need our help in reaching it. We hope that you will be able to act swiftly on these proposals, both to signal the support of the U.S. Congress for our policies in the Middle East and to enable us to act rapidly with funding.

The Executive Branch proposed a total of \$907,500,000 in allocations for the Middle East, \$807,500,000 in allocations by country and \$100,000,000 for a Middle East Special Requirements Fund. The proposed allocations by country were as follows: (1) Israel—\$50,000,000 in economic aid and \$300,000,000 in military credit sales; (2) Egypt—\$250,000,000 in economic aid; (3) Jordan—\$100,000,000 in military grant aid, \$30,000,000 in military credits and \$77,500,000 in economic aid.

The economic assistance proposed by the Executive Branch is to be used as follows, according to the data presented to the Committee:

ECONOMIC ASSISTANCE, PROGRAM SUMMARY

[In thousands of dollars]

	Fiscal year—		
	1973 actual	1974 estimated	1975 proposed
Egypt:			
Security supporting assistance.....		8,000	250,000
Suez Canal.....		8,000	20,000
Reconstruction/development.....			150,000
Commodity imports.....			80,000
Israel: Commodity imports.....	50,000	50,000	50,000
Jordan: Security supporting assistance.....	50,000	55,000	77,500

With one exception, the Committee has approved the country allocations of economic assistance requested. The Committee approved an additional \$289,500,000 in economic assistance for Israel above the amount requested.

In its earlier action on S. 3394, the Committee had approved an additional \$200,000,000 in economic assistance for Israel above the amount requested.

In view of the recent weakening of Israel's foreign exchange position, the Committee now believes an increase of \$289,500,000 is justified.

On November 10, the government of Israel put drastic emergency economic measures into effect including a 43 percent devaluation of the Israel pound to meet a serious drain on its dwindling foreign exchange reserves. The November action was the third series of tax increases, credit and budget restrictions, and direct economic control measures to cope with the economic dislocation set off by the Yom Kippur War and exacerbated by the escalating arms race.

Reserves which had reached a peak of \$1.7 billion in January, 1974 dropped to \$930 million by October (an amount equivalent to only 10 percent of anticipated 1975 imports) and are now declining at a rate of more than \$100 million per month.

The high cost of defense, spiraling inflation, increased prices of vital imports and lowered production have combined to increase Israel's

current account deficit from \$1.1 billion in 1972 to \$2.5 billion in 1973. It is estimated that it will exceed \$3.7 billion by the end of this year. A continuation of a foreign exchange deficit of this magnitude could cause a high rate of unemployment due to a lack of foreign currency required for the import of vital raw materials and supplies.

Per capita, the Israelis pay the highest taxes in the world, contributing more than 85 percent of the gross national product to government treasuries.

Despite these sacrifices, Israel's foreign currency debt is steadily rising. From \$4.1 billion in 1972, it is now expected to total \$6.1 billion by the end of 1974.

The furnishing of supporting assistance to Israel is not intended to preclude or replace traditional U.S. assistance to Israel for purchasing essential agricultural commodities (Public Law 480) or any other on-going U.S. assistance program.

* * * * *

Total foreign assistance proposed by the Executive Branch for the Middle East, as modified by the Committee's action relative to Israel, is shown in the table below:

FISCAL YEAR 1975 ASSISTANCE PROPOSALS FOR THE MIDDLE EAST
[In thousands of dollars]

	Total	Supporting assistance	Develop- ment assistance	Public Law 480	MAP	FMS	Excess defense articles
Egypt.....	253,144	250,000		3,144			
Israel.....	639,500	339,500		(1)		300,000	
Jordan.....	243,452	77,500	675	10,277	100,000	30,000	25,000
Middle East special re- quirements fund.....	100,000						
Total.....	1,236,096	667,000	675	41,632	100,000	330,000	25,000

¹ Unknown.

² \$100,000,000 of this amount is to be in credits which will be forgiven.

Section 35 adds a new Part VI to the Foreign Assistance Act, consisting of three sections as follows:

New Section 901. General Authority for Assistance in the Middle East

Section 901 authorizes the President to furnish assistance under the Act and credits and guaranties under the Foreign Military Sales Act to nations in the Middle East. Such assistance, credits and guaranties are to be provided within the framework of existing law. No additional or special authority is provided by this section for Middle East programs.

New Section 902. Allocations

Section 902 indicates the levels of military assistance and security supporting assistance authorizations intended for Middle East programs. The \$100,000,000 for military assistance grants is for Jordan while the \$667,000,000 in supporting assistance is for Israel, Jordan and Egypt. The \$330,000,000 in foreign military credit sales is for Israel and Jordan. This section does not authorize appropriations in addition to the amounts contained in the bill for regular authoriza-

tions for military assistance, security supporting assistance, and the credit sales program.

New Section 903. Special Requirements Fund

Section 903 authorizes appropriations for a Special Requirements Fund of \$100,000,000 for fiscal year 1975 to be used to meet needs for *economic* assistance to nations in the Middle East which cannot be foreseen at this time. The Committee has prohibited use of these funds for military assistance. This is, in effect, a contingency fund for economic aid to the Middle East. Administration officials have stated that it is possible that some of this money will be furnished to Syria.

The Committee amended the Executive Branch request to insure a greater congressional voice in how this fund is used. In recent years the Committee has been active in taking away some of the vast discretionary powers that Congress in the past has given to the President. In view of the sensitive situation that exists in the Middle East, the Committee is of the view that Congress should be told in advance by the President how he proposes to use these funds. Under this provision Congress is allowed a period of 30 days within which it could, by passage of a concurrent resolution, disapprove the proposal.

Subsection (b) repeals section 620(p) of the Foreign Assistance Act which prohibits aid to Egypt without a finding by the President that such assistance "is essential to the national interest." Such a finding would be redundant in view of the fact that this bill is intended to authorize assistance for Egypt.

Section 35. Foreign Military Sales Act Amendments

Section 35 amends the Foreign Military Sales Act in a number of respects:

Paragraph (1)—Conditions of Eligibility.—This paragraph clarifies an ambiguous provision in section 3(d) of the FMSA regarding the ineligibility for further sales, credits and guaranties of countries that violate foreign military sales agreements. It makes clear that corrective action by a country that has violated an applicable agreement can restore its eligibility for sales, credits and guaranties not only of sophisticated weapons, but of other defense articles and defense services as well.

Paragraph (2)—Emphasis on Commercial Channels for Arms Sales.—Paragraph (2) amends section 22 of the Foreign Military Sales Act to prohibit sales of defense articles to a developed country if the article is available through commercial sources in the United States.

This provision is similar to a provision in the foreign aid bill passed by the Senate last year which was deleted in conference. Its purpose is to implement a policy declaration, also initiated in the Committee, designed to minimize the government's role in arms sales to foreign countries. That policy statement adopted by Congress last year, is now contained in the last paragraph of Section 1 of the Foreign Military Sales Act:

In order to reduce the role of the United States Government in the furnishing of defense articles and defense services

to foreign countries and international organizations, and return such transactions to commercial channels the United States Government shall reduce its sales, credit sales, and guarantees of such articles, and defense services as soon as, and to the maximum extent, practicable.

The basic objectives of this provision is to get the United States Government out of the arms sales business and return these transactions to commercial channels. Government policy controls would then be exercised primarily through export licensing procedures. There is no evidence that the Executive Branch has taken any action to implement the policy approved by Congress last year.

Members of the Committee feel very strongly that United States policies should be geared to restricting, not expanding, the world arms trade. The United States Government is far and away the world's leading arms merchant. Out of one side of the government's mouth come pious calls for action to reduce the world's arms burden. And out of the other side comes an arms sales pitch to nations around the globe. The Committee hopes that the provision recommended will be a significant step toward ending the hypocritical situation and will help to insure that we, as a government, practice what we preach.

The Committee notes with interest the following statement by the Senate Appropriations Committee in its report on the fiscal year 1975 Department of Defense Appropriation Bill (S. Rept. 93-1104):

"SALES OF MILITARY EQUIPMENT TO FOREIGN GOVERNMENTS

"This Committee views with concern the dramatic increase in cash sales of U.S. military equipment to foreign governments. Actual cash sales of \$5.9 billion during fiscal year 1974 far exceeded the original DOD estimate of \$3.9 billion. Cash sales over the past decade have totaled \$19.1 billion—of which \$9.5 billion was negotiated during the past two years.

"The political and economic impact of foreign military sales on the United States and recipient foreign countries is immeasurable. Of more direct interest to this Committee, however, is the real and potential impact that the sale of military equipment has on the security interests and objectives of this Nation and on defense expenditures.

"The recent sale of 80 F-14 fighter aircraft to Iran could considerably reduce combat capability of the U.S. Armed Forces. These aircraft, the most sophisticated fighter aircraft available, will be delivered to Iran prior to the planned U.S. Navy F-14 force being fully equipped.

"The Committee is particularly concerned that long term security interests of the United States might be jeopardized by large cash sales of sophisticated weapons systems in areas of potential conflict."

The following table shows the extent to which the government is directly involved in arms sales to foreign countries:

U.S. GOVERNMENT MILITARY SALES UNDER THE FOREIGN MILITARY SALES ACT
[in thousands of dollars]

Categories	Fiscal year—											
	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1964-73	1974
FMS credit sales.....	75,000	110,386	317,006	323,243	262,885	283,160	70,000	743,412	550,000	550,000	3,293,082	1,412,664
FMS cash sales.....	1,246,582	1,087,390	1,420,501	748,132	739,089	1,107,415	825,172	1,228,663	2,711,397	3,497,738	14,612,079	6,535,974
												3,547,200
												estimated

The Committee recognizes that many sales of military equipment to foreign governments involve components which are controlled by the United States government and, without government approval for sale of the component, the entire end item would not normally be available through commercial channels. The Committee does not believe that the fact of government control over components of an item to be sold to a foreign country should stand in the way of a sale being handled through commercial channels, as long as there are no objections to the sale from the standpoint of United States foreign policy or security interests. Similarly, the fact that an item to be sold is produced in a government owned plant or with government owned equipment leased to a commercial producer, should not serve as an obstacle to use of commercial sales channels as long as the United States is fully reimbursed for use of the government facilities. The Committee assumes that the government will take whatever action is necessary to protect its interests. But those interests do not extend to promoting the sale of arms for competitive purposes.

The Committee's intent is to insure that government officials, when weighing proposed arms sales to foreign countries, have uppermost in their thinking the foreign policy interests of the United States and not that of selling more United States military equipment. If the government is a disinterested party in the promotional aspects of arms sales, officials can then bring a clearer, more reflective foreign policy judgment to bear in deciding whether to grant an export license.

The Committee has not attempted to define "economically developed country." However, it is the Committee's intent that Israel not be considered an "economically developed country" for purposes of this provision.

Paragraph (3) and (6) Minimum Interest Rates and Maximum Term for Guarantees.—Paragraph (3) amends section 23 of the Foreign Military Sales Act to establish a statutory minimum interest rate for credits extended to foreign countries under that Act. Under existing law, no interest rate is specified although the general practice has been to charge the same rate as the interest paid on current government borrowings. However, concessional interest rates have been allowed in some cases, primarily to meet foreign competition. This provision sets the minimum rate at that which the government currently pays on outstanding marketable obligations of comparable maturity.

Paragraph (6) amends section 24 of the Act to establish a maximum period of ten years for government guarantees of credit extended by private sources to foreign countries for financing military sales under the Foreign Military Sales Act. Under existing law the maximum term for direct government credit is ten years. This provision will apply that limit to the guaranty program.

The minimum interest rate and the maximum guaranty period requirements could be waived by the President if he certifies to the Congress that it is in the national interest to allow a concessional interest rate or to issue a guaranty for a period longer than ten years. The Committee expects that this waiver authority will be used very sparingly and only in *extraordinary* circumstances. Under no circumstances is the waiver to be used to allow a concessional interest rate or

a guaranty term longer than ten years for the purpose of meeting foreign arms sales competition. Concessional interest rates on credit sales to current grant aid recipients are authorized elsewhere in this bill as an element in the three year phaseout of military grant assistance.

Paragraph (4) Federal Financing Bank.—This paragraph amends section 24(a) and Section 24(b) of the Foreign Military Sales Act (FMSA) by authorizing foreign military sales guaranties to be issued to the Federal Financing Bank, which was established by the Federal Financing Bank Act of 1973, Public Law 93-224, approved on December 29, 1973 (87 Stat. 937), and by authorizing the sale to the Bank of promissory notes issued by borrowers pursuant to direct foreign military sales credits. The Federal Financing Bank is an instrumentality of the United States Government and, as such, is subject to the parenthetical clause in subsections (a) and (b), although section 6 of the Federal Financing Bank Act of 1973 authorizes the Bank to purchase any obligation sold, or guaranteed by a Federal agency. Purchases by the Bank under section 6 are required to be upon such terms and conditions as to yield a return at a rate not less than a rate equivalent to cost of money to the U.S. Government (or, whenever the Bank's own obligations outstanding are sufficient, to cost of money to the Bank), and the Bank is also authorized to charge a normal commitment fee in connection with such purchase. Any guaranty transactions with the Bank under the FMSA will be subject to the same reserve requirements under section 24(c) and controlled by the same aggregate ceiling under section 31(b) as guaranty transactions with private U.S. lenders will continue to be.

Paragraph (5) Guaranties.—Paragraph 5 amends section 24(c) of the FMSA by reducing the requirement for obligation of funds in connection with foreign military sales guaranties from 25 per cent of the principal amount of contractual liability to 10 per cent of that principal amount, effective July 1, 1974. Funds obligated under section 24(c) are set aside as a reserve against claims due to defaults by foreign countries on private loans guaranteed by the United States. The absence of any defaults since the enactment of the FMSA in 1968 has demonstrated that a 25 per cent reserve requirement is unnecessarily high. In addition, it provides for retention in the reserve account of all funds not in excess of the principal amount of all outstanding guaranties.

The Executive Branch proposed to finance a total of \$352,800,000 in military credit sales through private channels in FY 1975. Under existing law, this would have required setting aside \$88,200,000 as a reserve for the guaranties issued for that financing. With the change recommended by this Committee, the amount which must be set aside in the reserve will be reduced to \$35,280,000, thus reducing the need for new appropriations by \$52,920,000, if the proposed program of private financing is carried out.

Paragraph (7)—Authorization of Appropriations and Ceiling for Credit Sales.—This paragraph amends section 31 of the Foreign Military Sales Act to authorize \$405,000,000 for fiscal year 1975 to carry out the purposes of the FMSA and establishes a ceiling of \$872,500,000 for fiscal year 1975 on the aggregate of credits and the principle amount of loans guaranteed.

The bill earmarks \$300,000,000 of the credit sales ceiling for Israel. \$100,000,000 of the credits extended to Israel shall be forgiven. It is also the Committee's intention that the entire \$300,000,000 intended for Israel should be given first priority in the commitment of appropriations made available pursuant to this authorization.

The Committee has approved the full ceiling requested as an element in implementing its decision to reduce funds for grant military assistance and phase out the grant program over a three-year period.

The credit sales program proposed by the Executive Branch is shown in the following table:

FOREIGN MILITARY SALES CREDIT PROGRAM
[Value in thousands of dollars]

Countries	1973	Fiscal year— Estimated 1974	Proposed 1975
East Asia and Pacific:			
China (Taiwan).....	45,200	60,000	80,000
Korea.....	24,200	25,000	52,000
Malaysia.....	10,000	19,000	10,000
Philippines.....		3,000	5,000
Thailand.....		15,000	
Regional total.....	79,400	122,000	147,000
Near East and South Asia:			
Greece.....	58,000	60,000	71,000
Israel.....	307,500	1,982,664	300,000
Jordan.....			30,000
Lebanon.....	10,000	5,000	10,000
Turkey.....	20,000	75,000	90,000
Regional total.....	395,500	1,122,664	501,000
Africa:			
Ethiopia.....		5,000	5,000
Liberia.....			500
Morocco.....	9,800	12,000	14,000
Tunisia.....		2,500	1,500
Zaire.....	6,277	3,500	3,500
Regional total.....	16,027	23,000	24,500
Latin America:			
Argentina.....	11,500	22,500	30,000
Bolivia.....		4,000	3,000
Brazil.....	15,000	51,000	60,000
Chile.....	12,400	15,000	20,500
Colombia.....	10,000	15,000	17,000
Dominican Republic.....			500
Ecuador.....			12,500
El Salvador.....		500	3,500
Guatemala.....	2,600	2,000	1,000
Honduras.....		500	3,500
Mexico.....		2,500	5,000
Nicaragua.....			3,000
Paraguay.....		15,000	20,500
Peru.....		2,000	2,500
Uruguay.....	7,572	15,000	17,000
Venezuela.....			
Regional total.....	59,072	145,000	200,000
Worldwide total (TOA).....	549,999	1,412,664	872,500

¹ Includes both \$300,000,000 originally appropriated for FMS credit in fiscal year 1974 and \$682,664,000 in credits made available for Israel by fiscal year 1974 emergency security assistance legislation. \$1,500,000,000 in grants was also provided to Israel under that act in fiscal year 1974.

Subsection (b) Technical Amendment.—This subsection anticipates that obligations may be incurred in fiscal year 1975 for guaranties under section 24(c) of the FMFA prior to the amendment of that section by section 35(a) (5) of the Bill. In such case, it authorizes

adjustments to accounts to reflect obligations for the reserve fund at a consistent rate of 10 percent of the principal amount of contractual liability for the entire fiscal year 1975.

Section 36. Annual Report on Political Prisoners

This section amends section 32 of the Foreign Assistance Act of 1973 to require the President to report to Congress annually on the implementation of that section which reads as follows:

It is the sense of Congress that the President should deny any economic or military assistance to the government of any foreign country which practices the internment or imprisonment of that country's citizens for political purposes.

Section 37. Authorization for the Gorgas Memorial Institute

This section, sponsored by Senator McGee, amends the statute authorizing an annual appropriation which is used for maintenance and operation of the Gorgas Memorial Institute of Tropical and Preventive Medicine in the Republic of Panama. It increases the maximum annual U.S. contribution from \$500,000 to \$1,000,000.

Gorgas Memorial Institute has operated since its inception as a technical institution committed to conduct research in the biomedical sciences on diseases of the tropics. Its objectives are to help prevent disability, defect, and death from exotic diseases. The laboratory, strategically located in Panama where the natural biocommunication route between North and South America forms, has been likened to a southern disease early warning system for the United States.

Throughout the years, Congress has reaffirmed its support of the Gorgas operation by increasing the U.S. contributions and providing funds for the construction of one of the research facilities now in use. This has been accomplished through five amendments to the original act, the most recent in 1965, setting a ceiling of "not to exceed \$500,000" as the permanent annual congressional authorization. The basic U.S. contribution has thus remained at the same level for the past 8 years.

The Committee believes that an increase to \$1,000,000 is justified.

Section 38. Authorization for Contributions to the International Commission of Control and Supervision in Vietnam

This section authorizes the appropriation of a total of \$27,726,000 to help meet the expenses of the International Commission of Control and Supervision in Vietnam. Of that, \$16,526,000 is for contributions in fiscal year 1975 and \$11,200,000 is to reimburse the Agency for International Development for amounts expended by it in fiscal year 1974 to help meet expenses of the ICCS in that year.

The following letter from the Deputy Secretary of State explains the background and justification for this request.

THE DEPUTY SECRETARY OF STATE,
Washington, August 6, 1974.

Hon. J. W. Fulbright,
Chairman, Committee on Foreign Relations
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: The Senate Foreign Relations Committee received for consideration on June 3 S-3562, authorizing funds for

U.S. contributions to the International Commission for Control and Supervision (ICCS) in Viet-Nam.

The ICCS is an essential part of the peace structure set up by the Paris Agreement of January 27, 1973. The Commission has a number of positive achievements to its credits. The presence of several hundred foreign personnel in South Viet-Nam, charged with overseeing the cease-fire, has contributed to lowering the violence over the past eighteen months. Their continued presence helps deter the renewal of all-out warfare. Despite obvious problems of implementation we continue to believe that the Paris Agreement, of which the ICCS is an essential component, can help bring Viet-Nam closer to a lasting peace.

The Commission now faces a serious financial crisis which throws its continued existence into doubt. The reason for the crisis is the refusal of the North Vietnamese and South Vietnamese Communists to pay their full shares of the ICCS budget. In view of this, we have concluded that the U.S. must see to it that adequate support be provided to the Commission if it is to survive. The Administration is therefore requesting \$27.7 million to support the ICCS in FY 1975. Of this, \$16.5 million would pay essential costs this fiscal year. The remaining \$11.2 million would repay the Agency for International Development for borrowings for ICCS contributions last fiscal year. The projected U.S. contributions comprises the greatest share of the ICCS budget. But compared with the serious consequences of the Commission's collapse—the unraveling of the fragile structure of peace in Viet-Nam—the price is small. I do not think we can afford to allow this to happen.

I cannot stress enough the importance of this legislation to our interests in preserving the existing peace-keeping structure and in moving toward a more stable peace in Viet-Nam. I most strongly urge you to give it your support.

With best regards,
Sincerely,

ROBERT S. INGERSOLL.

Section 39. Statement of Policy on Assistance to Africa

Section 39 is a statement of Congressional policy relative to U.S. assistance to Africa. The President is requested to review the regional allocation of economic development assistance and to increase Africa's share of Agency for International Development loans and grants. Per capita official development assistance to the developing countries of Africa, including both U.S. bilateral assistance and U.S. contributions to multilateral lending institutions, should be raised to a level at least equal to those for Asia and Latin America. A special effort must be made to provide more assistance to the sixteen of the world's twenty-five least developed countries that are in Africa and to the fourteen African nations that are judged to be most seriously affected by rising costs of food and fuel. The President is requested to make a report to Congress on action taken to provide the developing countries of Africa with an equitable share of U.S. economic assistance at the time that AID's operational year budget for fiscal year 1975 is submitted to Congress and again with the submission to Congress of the proposed AID budget for fiscal year 1976.

Section 40. Statement of Policy on the Independence of Angola, Mozambique, and Guinea-Bissau

Section 40 is a statement of Congressional policy concerning Angola, Mozambique, and Guinea-Bissau.

Congress finds that the Government of Portugal's recognition of the right to independence of the African territories of Angola, Mozambique, and Guinea-Bissau marks a significant advance toward the goal of self-determination for all the peoples of Africa, without which peace on the continent is not secure.

Congress finds that progress toward independence for the Portuguese Government and African leaders on the timing and nature of progress toward independence are being conducted with the aim of bringing permanent peace and stability to these countries and of guaranteeing the human rights of all their citizens.

Congress finds that progress toward independence for the Portuguese African territories will have a significant impact on the international organizations and the community of nations.

Congress commends the Portuguese Government's initiatives on these fronts as evidence of a reaffirmation of that government's support for her obligations under both the United Nations Charter and the North Atlantic Treaty Organization.

In the section Congress calls upon the President and the Secretary of State to take the following actions designed to make clear United States support for a peaceful and orderly transition to independence in the Portuguese African territories.

(1) An official statement should be issued of United States support for the independence of Angola, Mozambique, and Guinea-Bissau, and of our desire to have good relations with the future governments of the countries.

(2) It should be made clear to the Government of Portugal that we view the efforts toward a peaceful and just settlement of the conflict in the African territories a consistent with Portugal's obligations under the North Atlantic Treaty Organization partner.

(3) The United States should encourage United Nations support for a peaceful transition to independence, negotiated settlement of all differences, and the protection of human rights of all citizens of the three territories.

(4) The United States should open a dialogue with potential leaders of Angola, Mozambique, and Guinea-Bissau and assure them of our commitment to their genuine political and economic independence.

(5) The economic development needs of the three territories will be immense and independence is achieved. Therefore, it is urged that the United States Agency for International Development devote immediate attention to assessing the economic situation in Angola, Mozambique, and Guinea-Bissau and be ready to cooperate with the future governments in providing the kind of assistance that will help make their independence viable. In addition, the United States Government should take the initiative among other donors, both bilateral and multilateral, in seeking significant contribution of development assistance for the three territories.

(6) In light of the need of Angola, Mozambique, and Guinea-Bissau for skilled and educated manpower, a priority consideration should be given to expanding immediately current U.S. programs of educational assistance to the territories as a timely and substantive contribution to their independence.

(7) Reports should be submitted to the Congress on the implementation of these proposals and Congress should be kept fully informed on developments in United States policy toward the independence of the Portuguese African territories.

Since it is in the national interest of the United States to maintain and strengthen close relations with the independent nations of Africa, the Congress believes the positive initiatives should be undertaken without delay.

Section 41. Conventional Arms Trade

Section 41 expresses the sense of the Congress that the recent growth in international transfers of conventional arms to developing nations is a cause for grave concern for the United States and other nations in that in particular areas of the world it increases the danger of potential violence among nations, and diverts scarce world resources from more peaceful uses and that these transfers could be controlled through negotiations and agreements among supplier and recipient nations.

The President is urged to propose to the Geneva Conference of the Committee on Disarmament that it consider as a high priority agenda item discussions among participating nations of that Conference for the purposes of agreeing to workable limitations on conventional arms transfers and establishing a mechanism through which limitations could be effectively monitored.

The President is required to transmit to the Congress not later than six months after the enactment of this Act a report setting forth the steps he has taken to carry out the section.

Section 42. Caribbean Development Bank

Section 42 authorizes the President to transmit to the Caribbean Development Bank an instrument stating that the Commonwealth of Puerto Rico has the authority to conclude an agreement of accession with such bank and to assume rights and obligations pursuant to such agreement.

The instrument transmitted by the President to the Caribbean Development Bank under subsection (a) must state that the United States shall not assume any financial or other responsibility for the performance of any obligation incurred by the Commonwealth of Puerto Rico pursuant to such agreement of accession or pursuant to any other aspect of its membership or participation in such bank.

The agreement of accession shall provide that the Commonwealth of Puerto Rico may not receive from the Caribbean Development Bank any funds provided to the bank by the United States.

Section 43. Expenses of U.S. Membership in UNESCO

The purpose of this amendment, sponsored by Senator Case, is to signal the Committee's strong objections to the recent actions of a political nature taken by the United Nations Educational, Scientific and Cultural Organization (UNESCO). These actions which, in this

instance, were designed to condemn and isolate Israel, serve to distort the real purpose of UNESCO and undermine its traditional role as a source of humanitarian and cultural assistance. This role should be preserved, protected, and enlarged. But the recent political attacks on Israel by UNESCO cast serious doubts on the Organization's intentions. As Senator Case stated on November 25, 1974, "Whether the U.S. Government should make further contributions in the coming years should depend on whether the Organization can operate in the future under its true mandate." Pending a definitive clarification of this matter, Section 43 prohibits any funding from the United States in support of UNESCO until the Secretary of State certifies to the Congress that each resolution passed by UNESCO not of an educational, scientific, or cultural character has been repealed.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

THE FOREIGN ASSISTANCE ACT OF 1961, AS AMENDED

PART I

CHAPTER 1—POLICY; DEVELOPMENT ASSISTANCE AUTHORIZATIONS

* * * * *

Sec. 103. Food and Nutrition.

(a) In order to alleviate starvation, hunger, and malnutrition, and to provide basic services to poor people, enhancing their capacity for self-help, the President is authorized to furnish assistance, on such terms and conditions as he may determine, for agriculture, rural development, and nutrition. These are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, **["\$291,000,000 for each of the fiscal years 1974 and 1975"]** *\$291,000,000 for the fiscal year 1974, and \$530,000,000 for the fiscal year 1975,* which amounts are authorized to remain available until expended.

(b) *The Congress finds that, due to rising world food, fertilizer and petroleum costs, human suffering and deprivation are growing in the poorest and most slowly developing countries. The greatest potential for significantly expanding world food production at relatively low cost lies in increasing the productivity of small farmers who constitute a majority of the nearly one billion people living in these countries. Increasing the emphasis on rural development and expanded food production in the poorest nations of the developing world is a matter of social justice as well as an important factor in slowing the rate of inflation in the industrialized countries. In the allocation of funds under this section, special attention should be given to increasing agricultural production in the countries with per capita incomes under*

\$300 per year and which are the most severely affected by sharp increases in worldwide commodity prices.

(c) Of the total amount obligated under this Act during any fiscal year after fiscal year 1975 to procure fertilizers for, and to provide such fertilizers to, foreign countries, not more than one-third of such amount may be obligated with respect to South Vietnam.

Sec. 104. Population Planning and Health.

In order to increase the opportunities and motivation for family planning, to reduce the rate of population growth, to prevent and combat disease, and to help provide health services for the great majority, the President is authorized to furnish assistance on such terms and conditions as he may determine, for population planning and health. There are authorized to be appropriated to the President for the purposes of this section, in addition to the funds otherwise available for such purposes, **[\$145,000,000 for each of the fiscal years 1974 and 1975], \$145,000,000 for fiscal year 1974 and \$165,000,000 for the fiscal year 1975**, which amounts are authorized to remain available until expended.

* * * * *

Sec. 105. Education and Human Resources Development.

In order to reduce illiteracy, to extend basic education and to increase manpower training in skills related to development, the President is authorized to furnish assistance on such terms and conditions as he may determine, for education, public administration, and human resource development. There are authorized to be appropriated to the President for the purposes of this section, in addition to funds otherwise available for such purposes, **[\$90,000,000 for each of the fiscal years 1974 and 1975] \$90,000,000 for the fiscal year 1974, and \$92,000,000 for the fiscal year 1975**, which amounts are authorized to remain available until expended.

* * * * *

TITLE III—HOUSING GUARANTIES

Sec. 221. Worldwide Housing Guaranties.

In order to facilitate and increase the participation of private enterprise in furthering the development of the economic resources and productive capacities of less developed friendly countries and areas, and promote the development of thrift and credit institutions engaged in programs of mobilizing local savings for financing the construction of self-liquidating housing projects and related community facilities, the President is authorized to issue guaranties, on such terms and conditions as he shall determine, to eligible investors as defined in section 238(c), assuring against loss of loan investments for self-liquidating housing projects. The total face amount of guaranties issued hereunder, outstanding at any one time, shall not exceed **[\$305,000,000] \$405,000,000**. Such guaranties shall be issued under the conditions set forth in section 222(b) and section 223.

* * * * *

(i) The authority of section 221 and section 222 shall continue until **[June 30, 1975] June 30, 1976**.

* * * * *

Sec. 222A. Agricultural and Productive Credit and Self-Help Community Development Programs.

(a) *It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less-developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, cooperatives, and private nonprofit development organizations to make loans on reasonable terms to organized groups and individuals residing in a community for the purpose of enabling such groups and individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms and other handicraft aids.*

(b) *To carry out the purposes of subsection (a), the agency primarily responsible for administering part I is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries assuring against loss of not to exceed 50 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.*

(c) *The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.*

(d) *The Inter-American Foundation shall be consulted in developing criteria for making loans eligible for guaranty coverage in Latin America under this section.*

(e) *Not to exceed \$3,000,000 of the guaranty reserve established under section 223(b) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section or any guaranties previously issued under section 240 of this Act.*

(f) *Funds held by the Overseas Private Investment Corporation pursuant to section 236 may be available for meeting necessary administrative and operating expenses for carrying out the provisions of this section through June 30, 1976.*

(g) *The Overseas Investment Corporation shall, upon enactment of this subsection, transfer to the agency primarily responsible for administering part I all obligations, assets, and related rights and responsibilities arising out of, or related to the predecessor program provided for in section 240 of this Act.*

(h) *The authority of this section shall continue until December 31, 1977.*

(i) *Notwithstanding the limitation in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing access local currency.*

(j) *The President shall, on or before January 15, 1976, make a detailed report to the Congress on the results of the program established under this section, together with such recommendations as he may deem appropriate.*

Sec. 223. General Provisions.

(a) A fee shall be charged for each guaranty issued under section [221 or section 222] 221, 222, or 222A in an amount to be determined by the President. In the event the fee to be charged for such type of guaranty is reduced, fees to be paid under existing contracts for the same type of guaranty may be similarly reduced.

(b) The amount of \$50,000,000 of fees accumulated under prior investment guaranty provisions repealed by the Foreign Assistance Act of 1969, together with all fees collected in connection with guaranties issued hereunder, shall be available for meeting necessary administrative and operating expenses of carrying out the provisions of [this title] section 221 and section 222 and of prior housing guaranty provisions repealed by the Foreign Assistance Act of 1969 (including, but not limited to expenses pertaining to personnel, supplies, and printing), subject to such limitations as may be imposed in annual appropriation Acts; for meeting management and custodial costs incurred with respect to currencies or other assets acquired under guaranties made pursuant to section 221 or section 222 or heretofore pursuant to prior Latin American and other housing guaranty authorities repealed by the Foreign Assistance Act of 1969; and to pay the cost of investigating and adjusting (including costs of arbitration) claims under such guaranties; and shall be available for expenditure in discharge of liabilities under such guaranties until such time as all such property has been disposed of and all such liabilities have been discharged or have expired, or until all such fees have been expended in accordance with the provisions of this subsection.

(c) Any payments made to discharge liabilities under guaranties issued under section 221 or section 222 or heretofore under prior Latin American or other housing guaranty authorities repealed by the Foreign Assistance Act of 1969, shall be paid first out of fees referred to in subsection (b) (excluding amounts required for purposes other than the discharge of liabilities under guaranties) as long as such fees are available, and thereafter shall be paid out of funds, if any, realized from the sale of currencies or other assets acquired in connection with any payment made to discharge liabilities under such guaranties as long as funds are available, and finally out of funds hereafter made available pursuant to subsection (e).

(d) All guaranties issued under section ~~221~~ or section ~~222~~, ~~221~~, ~~222~~, or ~~222A~~ or heretofore under prior Latin American or other housing guaranty authority repealed by the Foreign Assistance Act of 1969 shall constitute obligations, in accordance with the terms of such guaranties, of the United States of America and the full faith and credit of the United States of America is hereby pledged for the full payment and performance of such obligations.

* * * * *

(i) The authority of section 221 and section 222 shall continue until June 30, ~~1975~~ 1976.

* * * * *

TITLE IV—OVERSEAS PRIVATE INVESTMENT CORPORATION

* * * * *

[Sec. 240. Agricultural Credit and Self-Help Community Development Projects.

[(a)] It is the sense of the Congress that in order to stimulate the participation of the private sector in the economic development of less developed countries in Latin America, the authority conferred by this section should be used to establish pilot programs in not more than five Latin American countries to encourage private banks, credit institutions, similar private lending organizations, cooperatives, and private nonprofit development organizations to make loans on reasonable terms to organized groups and individuals residing in a community for the purpose of enabling such groups and individuals to carry out agricultural credit and self-help community development projects for which they are unable to obtain financial assistance on reasonable terms. Agricultural credit and assistance for self-help community development projects should include, but not be limited to, material and such projects as wells, pumps, farm machinery, improved seed, fertilizer, pesticides, vocational training, food industry development, nutrition projects, improved breeding stock for farm animals, sanitation facilities, and looms and other handicraft aids.

[(b)] To carry out the purposes of subsection (a), the Corporation is authorized to issue guaranties, on such terms and conditions as it shall determine, to private lending institutions, cooperatives, and private nonprofit development organizations in not more than five Latin American countries assuring against loss of not to exceed 25 per centum of the portfolio of such loans made by any lender to organized groups or individuals residing in a community to enable such groups or individuals to carry out agricultural credit and self-help community development projects for which they are able to obtain financial assistance on reasonable terms. In no event shall the liability of the United States exceed 75 per centum of any one loan.

[(c)] The total face amount of guaranties issued under this section outstanding at any one time shall not exceed \$15,000,000. Not more than 10 per centum of such sum shall be provided for any one institution, cooperative, or organization.

[(d)] The Inter-American Social Development Institute shall be consulted in developing criteria for making loans eligible for guaranty coverage under this section.

[(c) The guaranty reserve established under section 235(c) shall be available to make such payments as may be necessary to discharge liabilities under guaranties issued under this section.

[(f) Notwithstanding the limitation contained in subsection (c) of this section, foreign currencies owned by the United States and determined by the Secretary of the Treasury to be excess to the needs of the United States may be utilized to carry out the purposes of this section, including the discharge of liabilities incurred under this subsection. The authority conferred by this subsection shall be in addition to authority conferred by any other provision of law to implement guaranty programs utilizing excess local currency.

[(g) The Corporation shall, on or before January 15, 1972, make a detailed report to the Congress on the results of the pilot programs established under this section, together with such recommendations as it may deem appropriate.

[(h) The authority of this section shall continue until December 31, 1974.]

* * * * *

TITLE X—PROGRAMS RELATING TO POPULATION GROWTH

Sec. 292. Authorization.

Of the funds provided to carry out the provisions of part I of this Act for the fiscal year 1974, \$125,000,000 and for the fiscal year 1975, ~~[\$130,000,000]~~ *\$150,000,000* shall be available in each such fiscal year only to carry out the purposes of this title, and, notwithstanding any other provisions of this Act, funds used for such purposes may be used on a loan or grant basis.

* * * * *

CHAPTER 3—INTERNATIONAL ORGANIZATIONS AND PROGRAMS

Sec. 302. Authorization.

(a) There is authorized to be appropriated to the President for grants to carry out the purposes of this chapter, in addition to funds available under any other Act for such purposes, for the fiscal year 1974, \$127,822,000 and ~~for the fiscal year 1975, \$150,000,000~~ *for the fiscal year 1975, \$186,900,000.*

* * * * *

CHAPTER B—MILITARY ASSISTANCE

Sec. 504. Authorization.

(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed ~~[\$512,500,000 for the fiscal year 1974]~~ *\$550,000,000 for the fiscal year 1975: Provided, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish assistance to more than thirty-one countries in any fiscal year: Provided further, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such*

as missile systems and jet aircraft for military purposes, to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress.

Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.

* * * * *

[Sec. 506. Special Authority.

(a) During the fiscal year 1974, the President may, if he determines it to be in the security interests of the United States, order defense articles from the stocks of the Department of Defense and defense services for the purposes of part II, subject to subsequent reimbursement therefor from subsequent appropriations available for military assistance. The value of such orders under this subsection in the fiscal year 1974 shall not exceed \$250,000,000.

(b) The Department of Defense is authorized to incur, in applicable appropriations, obligations in anticipation of reimbursements in amounts equivalent to the value of such orders under subsection (a) of this section. Appropriations to the President of such sums as may be necessary to reimburse the applicable appropriation, fund, or account for such orders are hereby authorized.]

* * * * *

Sec. 513. Military Assistance Authorizations for [Thailand and Laos.] Thailand, Laos, and South Vietnam.

(a) After June 30, 1972, no military assistance shall be furnished by the United States to Thailand directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(b) After June 30, 1974, no military assistance shall be furnished by the United States to Laos directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.

(c) *After June 30, 1975, no military assistance shall be furnished by the United States to South Vietnam directly or through any other foreign country unless that assistance is authorized under this Act or the Foreign Military Sales Act.*

* * * * *

Sec. 514. Limitation on the Grant of Excess Defense Articles.

(a) *The aggregate original acquisition cost of excess defense articles ordered during the fiscal year 1975 under this chapter for foreign countries and international organizations shall not exceed \$150,000,000.*

(b) *The value of any excess defense article furnished under this chapter to a foreign country or international organization by any agency of the United States Government shall be considered to be an expenditure made from funds appropriated under section 504 of this Act. Unless such agency certifies to the Comptroller General of the*

United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof (less amounts to be transferred under section 632(d) of this Act) shall (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) the appropriation made under section 504 of this Act for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the appropriation made under section 504 of this Act for the current fiscal year, upon delivery of such article, if at the time of delivery the stock status of the article is determined in accordance with section 644 (g) or (m) of this Act to be nonexcess.

(c) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

* * * * *

Foreign Military Sales Act of 1971

[SEC. 8. (a) Subject to the provisions of subsection (b), the value of any excess defense article granted to a foreign country or international organization by any department, agency, or independent establishment of the United States Government (other than the Agency for International Development) shall be considered to be an expenditure made from funds appropriated under the Foreign Assistance Act of 1961 for military assistance. Unless such department, agency, or establishment certifies to the Comptroller General of the United States that the excess defense article it is ordering is not to be transferred by any means to a foreign country or international organization, when an order is placed for a defense article whose stock status is excess at the time ordered, a sum equal to the value thereof shall (less amounts to be transferred under section 632(d) of the Foreign Assistance Act of 1961) (1) be reserved and transferred to a suspense account, (2) remain in the suspense account until the excess defense article is either delivered to a foreign country or international organization or the order therefor is cancelled, and (3) be transferred from the suspense account to (A) the general fund of the Treasury upon delivery of such article, or (B) to the military assistance appropriation for the current fiscal year upon cancellation of the order. Such sum shall be transferred to the military assistance appropriation for the current fiscal year upon delivery of such article if at the time of delivery the stock status of the article is determined, in accordance with section 644 (g) and (m) of the Foreign Assistance Act of 1961, to be nonexcess.

(b) In the case of excess defense articles which are generated abroad, the provisions of subsection (a) shall apply during any fiscal year only to the extent that the aggregate value of excess defense articles ordered during that year exceeds \$150,000,000.

(c) For purposes of this section, the term "value" has the same meaning as given it in section 644(m) of the Foreign Assistance Act of 1961.

(d) The President shall promptly and fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations and the Committee on Appropriations of the Senate of each decision to furnish on a grant basis to any country excess defense articles which are major weapons systems to the extent such major weapons system was not included in the presentation material previously submitted to the Congress. Additionally, the President shall also submit a quarterly report to the Congress listing by country the total value of all deliveries of excess defense articles, disclosing both the aggregate original acquisition cost and the aggregate value at the time of delivery.

(e) Except for excess defense articles granted under part II of the Foreign Assistance Act of 1961, the provisions of this section shall not apply to any excess defense article granted to South Vietnam prior to July 1, 1972.】

* * * * *

【SEC. 11. For purposes of sections 8 and 9—

(1) "defense article" and "excess defense articles" have the same meanings as given them in section 644 (d) and (g), respectively, of the Foreign Assistance Act of 1961; and

(2) "foreign country" includes any department, agency, or independent establishment of the foreign country.】

* * * * *

Sec. 515. Stockpiling of Defense Articles for Foreign Countries.

(a) Notwithstanding any other provision of law, no funds, other than funds made available under this Act or section 401(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, may be obligated or expended for the purpose of stockpiling any defense article or war reserve material, including the acquisition, storage, or maintenance of any war reserve equipment, secondary items, or munitions, if such article or material is set aside, reserved, or in any way earmarked or intended for future use by any foreign country.

(b) The cost of any such article or material set aside, reserved, or in any way earmarked or intended by the Department of Defense for future use by, for, or on behalf of South Vietnam, shall be charged against the limitation specified in section 401(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked; and the cost of any such article or material set aside, reserved, or in any way earmarked or intended for future use by, for, or on behalf of any other foreign country shall be charged against funds authorized under chapter 2 of part II of this Act for the fiscal year in which such article or material is set aside, reserved, or otherwise earmarked. No such article or material may be made avail-

able to or for use by South Vietnam or any other foreign country unless such article or material has been charged against the limitation specified in section 601(a)(1) of Public Law 89-367 (80 Stat. 37), or any subsequent corresponding legislation, or against funds authorized under such chapter 2, as appropriate.

Sec. 516. Military Assistance Advisory Groups and Missions.

(a) Effective July 1, 1975, an amount equal to each sum expended under any provision of law, other than section 504 of this Act, with respect to any military assistance advisory group, military mission, or other organization of the United States performing activities similar to such group or mission, shall be deducted from the funds made available under such section 504, and (1) if reimbursement of such amount is requested by the agency of the United States Government making the expenditure, reimbursed to that agency, or (2) if no such reimbursement is requested, deposited in the Treasury as miscellaneous receipts.

Sec. 517. Termination of Authority.

(a) (1) The President shall gradually reduce assistance (other than military training) provided under this chapter so that, not later than September 30, 1977, no assistance (other than military training) shall be provided under this chapter.

(2) Paragraph (1) of this subsection shall not apply to funds obligated prior to October 1, 1977.

(b) For each of the fiscal years 1975, 1976, and 1977, the President is authorized to finance procurements of defense articles and defense services (other than military training) by any foreign country receiving defense articles or defense services during fiscal year 1974 under this chapter on terms providing for payment in United States dollars (1) of the value of such articles and services which value shall not exceed during each such fiscal year the value of such articles and services (other than military training) furnished that country in fiscal year 1974 under this chapter, (2) at a rate of interest of not less than four per centum a year, and (3) within ten years after delivery of the defense articles or rendering of the defense services.

(c) (1) By not later than September 30, 1977, all the functions of a military assistance advisory group, a military mission, or other organization of the United States Government in a foreign country performing activities similar to any such group or mission, shall be transferred to the Chief of the United States Diplomatic Mission to that country. Upon the transfer of such functions, that group, mission, or organization, as the case may be, shall cease to exist.

(2) On and after October 1, 1977, the total number of military attaches assigned or detailed to the United States Diplomatic Mission of a foreign country shall not exceed by twenty-five per centum the total number of military attaches authorized to be assigned or detailed to that mission on June 30, 1974.

(3) On and after October 1, 1977, no military assistance advisory group, military mission, or other organization of the United States Government in a foreign country shall be established or continued unless such group, mission, or organization is authorized by law specifically for that country.

Effective October 1, 1977 the following changes are made:

[CHAPTER 1—POLICY] *Chapter 1—Providing Military Training*

* * * * *

Sec. 502. [Utilization of Defense Articles and Services] Providing Military Training.

[Defense articles and defense services] *Military training* to any country shall be furnished solely for internal security, for legitimate self-defense, to permit the recipient country to participate in regional or collective arrangements or measures consistent with the Charter of the United Nations, or otherwise to permit the recipient country to participate in collective measures requested by the United Nations for the purpose of maintaining or restoring international peace and security, or for the purpose of assisting foreign military forces in less developed friendly countries (or the voluntary efforts of personnel of the Armed Forces of the United States in such countries) to construct public works and to engage in other activities to the economic and social development of such friendly countries. **[It is the sense of the Congress that such foreign military forces should not be maintained or established solely for civic action activities and that such civic action activities not significantly detract from the capability of the military forces to perform their military missions and be coordinated with and form part of the total economic and social development effort.]**

CHAPTER 2—[MILITARY ASSISTANCE] *Military Training***[Sec. 503. General Authority.]**

(a) The President is authorized to furnish military assistance, on such terms and conditions as he may determine, to any friendly country or international organization, the assisting of which the President finds will strengthen the security of the United States and promote world peace and which is otherwise eligible to receive such assistance, by—

- (1) acquiring from any source and providing (by loan or grant) any defense article or defense service; or
- (2) assigning or detailing members of the Armed Forces of the United States and other personnel of the Department of Defense to perform duties of a non-combatant nature.

(b) In addition to such other terms and conditions as the President may determine pursuant to subsection (a), defense articles may be loaned thereunder only if—

- (1) there is a bona fide reason, other than the shortage of funds, for providing such articles on a loan basis rather than on a grant basis;
- (2) there is a reasonable expectation that such articles will be returned to the agency making the loan at the end of the loan period, unless the loan is then renewed;
- (3) the loan period is of fixed duration not exceeding five years, during which such article may be recalled for any reason by the United States;
- (4) the agency making the loan is reimbursed for the loan based on the amount charged to the appropriation for military assistance under subsection (c); and

(5) arrangements are made with the agency making the loan to be reimbursed in the event such article is lost or destroyed while on loan, such reimbursement being made first out of any funds available to carry out this chapter and based on the depreciated value of the article at the time of loss or destruction.

(c) (1) In the case of any loan of a defense article or defense service made under this section, there shall be a charge to the appropriation for military assistance for any fiscal year while the article or service is on loan in an amount based on—

(A) the out-of-pocket expenses authorized to be incurred in connection with such loan during such fiscal year; and

(B) the depreciation which occurs during such year while such article is on loan.

(2) The provisions of this subsection shall not apply—

(A) to any particular defense article or defense service which the United States Government agreed, prior to the date of enactment of this subsection, to lend; and

(B) to any defense article or defense service, or portion thereof, acquired with funds appropriated for military assistance under this Act.]

[Sec. 504. Authorization.

(a) There is authorized to be appropriated to the President to carry out the purposes of this part not to exceed \$512,500,000 for the fiscal year 1974: *Provided*, That funds made available for assistance under this chapter (other than training in the United States) shall not be used to furnish assistance to more than thirty-one countries in any fiscal year: *Provided further*, That none of the funds appropriated pursuant to this subsection shall be used to furnish sophisticated weapons systems, such as missile systems and jet aircraft for military purposes, to any underdeveloped country, unless the President determines that the furnishing of such weapons systems is important to the national security of the United States and reports within thirty days each such determination to the Congress. Amounts appropriated under this subsection are authorized to remain available until expended. Amounts appropriated under this subsection shall be available for cost-sharing expenses of United States participation in the military headquarters and related agencies program.

(b) In order to make sure that a dollar spent on military assistance to foreign countries is as necessary as a dollar spent for the United States military establishment, the President shall establish procedures for programming and budgeting so that programs of military assistance come into direct competition for financial support with other activities and programs of the Department of Defense.]

[Sec. 505. Conditions of Eligibility.

(a) In addition to such other provisions as the President may require, no defense articles shall be furnished to any country on a grant basis unless it shall have agreed that—

(1) it will not, without the consent of the President—

(A) permit any use of such articles by anyone not an officer, employee, or agent of that country,

(B) transfer, or permit any officer, employee, or agent of that country to transfer such articles by gift, sale, or otherwise, or

(C) use or permit the use of such articles for purposes other than those for which furnished;

(2) it will maintain the security of such articles, and will provide substantially the same degree of security protection afforded to such articles by the United States Government;

(3) it will, as the President may require, permit continuous observation and review by, and furnish necessary information to, representatives of the United States Government with regard to the use of such articles; and

(4) unless the President consents to other disposition, it will return to the United States Government for such use or disposition as the President considers in the best interests of the United States, such articles which are no longer needed for the purposes for which furnished.

(b) No defense articles shall be furnished on a grant basis to any country at a cost in excess of \$3,000,000 in any fiscal year unless the President determines—

(1) that such country conforms to the purposes and principles of the Charter of the United Nations;

(2) that such defense articles will be utilized by such country for the maintenance of its own defensive strength, or the defensive strength of the free world;

(3) that such country is taking all reasonable measures, consistent with its political and economic stability, which may be needed to develop its defense capacities; and

(c) The President shall regularly reduce and, with such deliberate speed as orderly procedure and other relevant considerations, including prior commitments, will permit, shall terminate all further grants of military equipment and supplies to any country having sufficient wealth to enable it, in the judgment of the President, to maintain and equip its own military forces at adequate strength, without undue burden to its economy.

(d) Any country which hereafter uses defense articles or defense services furnished such country under this Act, the Mutual Security Act of 1954, as amended, or any predecessor foreign assistance Act, in substantial violation of the provisions of this chapter or any agreements entered into pursuant to any of such Acts shall be immediately ineligible for further assistance.

(e) In considering a request for approval of any transfer of any weapon, weapons system, munitions, aircraft, military boat, military vessel, or other implement of war to another country, the President shall not give his consent under subsection (a) (1) or (a) (4) to the transfer unless the United States itself would transfer the defense article under consideration to that country, and prior to the date he intends to give his consent to the transfer, the President notifies the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate in writing of each such intended consent, the justification for giving such consent, the defense article for which

he intends to give his consent to be so transferred, and the foreign country to which that defense article is to be transferred. In addition, the President shall not give his consent under subsection (a) (1) or (a) (4) to the transfer of any significant defense articles on the United States Munitions List unless the foreign country requesting consent to transfer agrees to demilitarize such defense articles prior to transfer, or the proposed recipient foreign country provides a commitment in writing to the United States Government that it will not transfer such defense articles if not demilitarized, to any other foreign country or person without first obtaining the consent of the President.

(f) Effective July 1, 1974, no defense article shall be furnished to any country on a grant basis unless such country shall have agreed that the net proceeds of sale received by such country in disposing of any weapon, weapons system, munition, aircraft, military boat, military vessel, or other implement of war received under this chapter will be paid to the United States Government and shall be available to pay all official costs of the United States Government payable in the currency of that country, including all costs relating to the financing of international educational and cultural exchange activities in which that country participates under the programs authorized by the Mutual Educational and Cultural Exchange Act of 1961.]

Sec. 503. General Authority.

The President is authorized to furnish, on such terms and conditions consistent with this Act as the President may determine, military training to any foreign country or international organization. Funds for such training shall be appropriated for each fiscal year pursuant to authorization for that fiscal year. After September 30, 1977, no such training shall be conducted outside the United States except by specific authorization of law.

Sec. 511. Considerations in Furnishing Military [Assistance] Training.

Decisions to furnish [military assistance] *military training* made under this part shall take into account whether [such assistance] *such training* will—

- (1) contribute to an arms race;
- (2) increase the possibility of outbreak or escalation of conflict;
- or
- (3) prejudice the development of bilateral or multilateral arms control arrangements.

Sec. 636. Provisions on Uses of Funds.

(g) Funds made available for the purposes of part II shall be available for—

- (1) administrative, extraordinary (not to exceed \$300,000 in any fiscal year), and operating expenses incurred in furnishing [defense articles and defense services on a grant or sales basis] *military training* by the agency primarily responsible for administering part II;

Sec. 644. Definitions.

As used in this Act—

(m) "Value" means—

[(1) with respect to an excess defense article, the actual value of the article plus the gross cost incurred by the United States Government in repairing, rehabilitating, or modifying the article, except that for purposes of section 632(d) such actual value shall not be taken into account];

(1) [(2)] with respect to a [nonexcess] defense article delivered from inventory to foreign countries or international organizations under this Act, the acquisition cost to the United States Government, adjusted as appropriate for condition and market value;

(2) [(3)] with respect to a [nonexcess] defense article delivered from new procurement to foreign countries or international organizations under this Act, the contract or production costs of such article; and

(3) [(4)] with respect to a defense service, the cost to the United States Government of such service.

* * * * *

Sec. 518. Termination of Military Assistance to South Korea.

(a) *The total of (1) the amount of funds obligated under this chapter to furnish assistance to South Korea, and (2) the value of excess defense articles furnished to South Korea under this chapter, shall not exceed—*

(A) \$91,500,000 during the fiscal year 1975;

(B) \$1,000,000 during the fiscal year 1976; and

(C) \$30,500,000 during the fiscal year 1977.

(b) *The aggregate total of credits extended, including participations in credits, and the principal amount of loans guaranteed, under the Foreign Military Sales Act with respect to South Korea shall not exceed—*

(1) \$42,450,000 during the fiscal year 1975;

(2) \$28,000,000 during the fiscal year 1976; and

(3) \$14,150,000 during the fiscal year 1977.

(c) *On and after October 1, 1977, no assistance shall be furnished South Korea under this chapter, and no credits, including participations in credits, shall be extended, and no loans shall be guaranteed, under the Foreign Military Sales Act with respect to South Korea. The preceding sentence shall not apply with respect to funds obligated prior to such date.*

CHAPTER 4—SECURITY SUPPORTING ASSISTANCE

* * * * *

Sec. 532. Authorization.

There is authorized to be appropriated to the President to carry out the purposes of this chapter [for the fiscal year 1974 not to exceed \$125,000,000, of which not less than \$50,000,000 shall be available solely for Israel] *for fiscal year 1975 not to exceed \$675,000,000: Provided,* That where commodities are furnished on a grant basis under this chapter under arrangements which will result in the accrual of pro-

ceeds to the Government of Vietnam from the sale thereof, arrangements should be made to assure that such proceeds will not be budgeted by the Government of Vietnam for economic assistance projects or programs unless the President or his representative has given prior written approval. Amounts appropriated under this section are authorized to remain available until expended. None of the funds authorized by this section shall be made available to the Government of Vietnam unless, beginning in January 1971, and quarterly thereafter, the President of the United States shall determine that the accommodation rate of exchange, and the rate of exchange for United States Government purchases of piasters for goods and services, between said Government and the United States is fair to both countries.

* * * * *

Sec. 610. Transfer Between Accounts.

(a) Whenever the President determines it to be necessary for the purposes of this Act, not to exceed 10 per centum of the funds made available for any provision of this Act (except funds made available pursuant to title IV of chapter 2 of part I) may be transferred to, and consolidated with, the funds made available for any other provision (*except funds made available under Chapter II of part II of this Act*) of this Act, and may used for any of the purposes for which such funds may be used, except that the total in the provision for the benefit of which the transfer is made shall not be increased by more than 20 per centum of the amount of funds made available for such provision.

(b) The authority contained in this section and in sections 451, 506, and 614 shall not be used to augment appropriations made available pursuant to sections 636(g) (1) and 637 or used otherwise to finance activities which normally would be financed from appropriations for administrative expenses. Not to exceed \$9,000,000 of the funds appropriated under section 402 of this Act for any fiscal year may be transferred to and consolidated with appropriations made under section 637(a) of this Act for the same fiscal year, subject to the further limitation that funds so transferred shall be available solely for additional administrative expenses incurred in connection with programs in Vietnam.

(c) *Any funds which the President has notified Congress pursuant to section 653 that he intends to provide in military assistance to any country may be transferred to, and consolidated with, any other funds he has notified Congress pursuant to such section that he intends to provide to that country for development assistance purposes.*

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Sec. 614. Special Authorities.

(a) The President may authorize in each fiscal year the use of funds made available for use under this Act and the furnishing of assistance under section 506 in a total amount not to exceed \$250,000,000 and the use of not to exceed \$100,000,000 of foreign currencies accruing under this Act or any other law without regard to the requirements of this Act, any law relating to receipts and credits accruing to the United States, any Act appropriating funds for use under this Act, or the Mutual Defense Assistance Control Act of 1951 (22 U.S.C. 1611 et seq.), in furtherance of any of the purposes of such Acts, when the

President determines that such authorization is important to the security of the United States. Not more than \$50,000,000 of the funds available under this subsection may be allocated to any one country in any fiscal year. The limitation contained in the preceding sentence shall not apply to any country which is a victim of active Communist or Communist-supported aggression. *The authority of this section shall not be used to waive the limitations on transfers contained in section 610(a) of this Act.*

(b) Whenever the President determines it to be important to the national interest, he may use funds available for the purposes of chapter 4 of part I in order to meet the responsibilities or objectives of the United States in Germany, including West Berlin, and without regard to such provisions of law as he determines should be disregarded to achieve this purpose.

(c) The President is authorized to use amounts not to exceed \$50,000,000 of the funds made available under this Act pursuant to his certification that it is inadvisable to specify the nature of the use of such funds, which certifications shall be deemed to be a sufficient voucher for such amounts. The President shall promptly and fully inform the Speaker of the House of Representatives and the chairman and ranking minority member of the Committee on Foreign Relations of the Senate of each use of funds under this subsection.】

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【(p) No assistance shall be furnished under this Act to the United Arab Republic unless the President finds and reports within thirty days of such finding to the Committee on Foreign Relations of the Senate and the Speaker of the House of Representatives that such assistance is essential to the national interest of the United States, and further that such assistance will neither directly nor indirectly assist aggressive actions by the United Arab Republic.】

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【(v) No assistance shall be furnished under this Act, and no sales shall be made under the Foreign Military Sales Act, to Greece. This restriction may be waived when the President finds that overriding requirements of the national security of the United States justify such a waiver and promptly reports such finding to the Congress in writing, together with his reasons for such finding. Notwithstanding the preceding sentence, in no event shall the aggregate amount of (1) assistance furnished to Greece under this Act, and (2) sales made to Greece under the Foreign Military Sales Act, in any fiscal year, exceed the aggregate amount expended for such assistance and such sales for the fiscal year 1971.】

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Sec. 203. Fiscal Provisions.

Not more than 50 per centum of dollar receipts scheduled to be paid during each of the fiscal years 1974 and 1975 from loans made pursuant to this part and from loans made under predecessor foreign assistance legislation are authorized to be made available for each such fiscal year for use for purposes of making loans under chapter 1 of this part. *The balance of such receipts for fiscal year 1973 is authorized to*

be made available solely for the purposes of sections 639B, 639C, and 639D of this Act. Such receipts shall remain available until expended.

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Sec. 639. Famine and Disaster Relief.

No provision of this Act shall be construed to prohibit assistance to any country for famine or disaster relief.

Sec. 639A. Famine and Disaster Relief to the African Sahel.

(a) The Congress affirms the response of the United States Government in providing famine and disaster relief and related assistance in connection with the drought in the Sahelian nations of Africa. The President shall report to Congress as soon as possible on solutions to this problem of famine and further propose how any of these solutions may be carried out by multilateral organizations.

(b) Notwithstanding any prohibitions or restrictions contained in this or any other Act, there is authorized to be appropriated to the President, in addition to funds otherwise available for such purposes, \$25,000,000 to remain available until expended, for use by the President, under such terms and conditions as he may determine, for emergency and recovery needs, including drought, famine, and disaster relief, and rehabilitation and related assistance, for the drought-stricken Sahelian nations of Africa.

Sec. 639B. African Sahel Development Program.

The Congress supports the initiative of the United States Government in undertaking consultations and planning with the countries concerned, with other nations providing assistance, with the United Nations, and with other concerned international and regional organizations, toward the development and support of a comprehensive long-term African Sahel development program.

Notwithstanding any prohibitions or restrictions contained in this or any other Act, the President is authorized to furnish assistance on such terms and conditions as he may determine, for reconstruction and economic development programs in the drought-stricken nations of Africa.

Sec. 639C. Relief and Rehabilitation in Bangladesh and Cyprus.

(a) *The Congress finds that the recent flooding in the People's Republic of Bangladesh, and the civil and international strife in the Republic of Cyprus, have caused great suffering and hardship for the peoples of the two Republics which cannot be alleviated with their internal resources. The President shall make every effort to develop and implement programs of relief and rehabilitation, in conjunction with other nations providing assistance, the United Nations, and other concerned international and regional organizations and voluntary agencies, to alleviate the hardships caused in these two nations.*

(b) *Notwithstanding any prohibitions or restrictions contained in this or any other Act, the President is authorized to furnish assistance on such terms and conditions as he may determine, for disaster relief, rehabilitation, and related programs in the People's Republic of Bangladesh and the Republic of Cyprus.*

Sec. 639D. Disaster Relief and Rehabilitation.

Notwithstanding any prohibitions or restrictions contained in this or any other Act, the President is authorized to furnish assistance, on such terms and conditions as he may determine for disaster relief, rehabilitation, and related programs in the case of disasters that require large-scale relief and rehabilitation efforts which cannot be met adequately with the funds available for obligation under section 451 of this Act.

Sec. 639E. Internationalization of Assistance.

Assistance for the purposes set forth in sections 639A, 639B, 639C, and 639D shall be distributed wherever practicable under the auspices of and by the United Nations and its specialized agencies, other international organizations or arrangements, multilateral institutions, and private voluntary agencies.

Sec. 659. Access to Certain Military Bases Abroad.

None of the funds authorized to be appropriated for foreign assistance (including foreign military sales, credit sales, and guaranties) under any law may be used to provide any kind of assistance to any foreign country in which a military base is located if—

- (1) such base was constructed or is being maintained or operated with funds furnished by the United States;*
 - (2) personnel of the United States carry out military operations from such base;*
- unless and until the President has determined that the government of such country has, consistent with security, authorized access, on a regular basis, to bona fide news media correspondents of the United States to such military base.*

FOREIGN ASSISTANCE ACT OF 1973

[ACCESS TO CERTAIN MILITARY BASES ABROAD]

[SEC. 29. None of the funds authorized to be appropriated by this Act may be used to provide any kind of assistance to any foreign country in which a military base is located if—

- (1) such base was constructed or is being maintained or operated with funds furnished by the United States; and*
 - (2) personnel of the United States carry out military operations from such base;*
- unless and until the President has determined that the government of such country has, consistent with security, authorized access, on a regular basis, to bona fide news media correspondents of the United States to such military base.]*

Sec. 660. Prohibiting Police Training.

(a) None of the funds made available to carry out this Act, and none of the local currencies generated under this Act, shall be used to provide training or advice, or provide any financial support, for

police, prisons, or other law enforcement forces for any foreign government or any program of internal intelligence or surveillance on behalf of any foreign government within the United States or abroad.

(b) Subsection (a) of this section shall not apply—

“(1) with respect to assistance rendered under section 515(c) of the Omnibus Crime Control and Safe Streets Act of 1968, or with respect to any authority of the Drug Enforcement Administration or the Federal Bureau of Investigation which related to crimes of the nature which are unlawful under the laws of the United States; or

(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program.

Notwithstanding clause (2), subsection (a) shall apply to any renewal or extension of any contract referred to in such paragraph entered into on or after such date of enactment.

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FOREIGN ASSISTANCE ACT OF 1973

[Sec. 112. Prohibiting Police Training.

No part of any appropriation made available to carry out this Act shall be used to conduct any police training or related program in a foreign country.

(b) Subsection (a) of this section shall not apply—

(1) with respect to assistance rendered under section 515(c) of the Omnibus Crime Control and Safe Streets Act of 1968, as amended, or with respect to any authority of the Drug Enforcement Administration of the Federal Bureau of Investigation which relates to crimes of the nature which are unlawful under the laws of the United States; or

(2) to any contract entered into prior to the date of enactment of this section with any person, organization, or agency of the United States Government to provide personnel to conduct, or assist in conducting, any such program.

Notwithstanding paragraph (2), subsection (a) shall apply to any renewal or extension of any contract referred to in such paragraph entered into on or after such date of enactment.]

* * * * *

Sec. 661. Limitations Upon Intelligence Activities.

(a) No funds appropriated under the authority of this or any other Act may be expended by or on behalf of the Central Intelligence Agency or any other agency of the United States Government for the conduct of operations in foreign countries pursuant to section 102(d)(5) of the National Security Act of 1947 (50 U.S.C. 403), other than operations intended solely for obtaining necessary intelligence. Notwithstanding the foregoing limitation, the President may authorize and direct that any operation in a foreign country be resumed, or that any other operation in a foreign country be initiated, and funds may be expended therefor, if, but not before, he (1) finds that such operation is important to the national security, and (2) transmits an appro-

priate description of the nature and scope of such operation, to the committees of the Congress having jurisdiction to monitor and review the intelligence activities of the United States Government.

(b) The provisions of subsection (a) of this section shall not apply during military operations by the United States under a declaration of war approved by the Congress or an exercise of powers by the President under the war powers resolution.

* * * * *

Sec. 662. Waiver of Prohibition Against Assistance to Countries Engaging in Certain Trade.

Any provision of this Act or the Agricultural Trade Development and Assistance Act of 1954 which prohibits assistance to a country may be waived by the President if he determines that such waiver is in the national interest and reports such determination to the Congress.

* * * * *

PART V

Sec. 801. General Authority.

The President is authorized to furnish, on such terms and conditions as he may determine, assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos, including especially humanitarian assistance to refugees, civilian war casualties, and other persons disadvantaged by hostilities or conditions related to those hostilities in South Vietnam, Cambodia, and Laos. No assistance shall be furnished under this section to South Vietnam unless the President receives assurances satisfactory to him that no assistance furnished under this part, and no local currencies generated as a result of assistance furnished under this part, will be used for support of police, or prison construction and administration, within South Vietnam.

[Sec. 802. Authorization.

There are authorized to be appropriated to the President to carry out the purposes of this chapter, in addition to funds otherwise available for such purposes, for the fiscal year 1974 not to exceed \$504,000,000, which amount is authorized to remain available until expended.]

Sec. 802. Authorization.

There are authorized to be appropriated to the President to furnish assistance for relief and reconstruction of South Vietnam, Cambodia, and Laos as authorized by this part, in addition to funds otherwise available for such purposes, for fiscal year 1974 not to exceed \$504,000,000, and for the fiscal year 1975 not to exceed \$617,000,000. Of the amount appropriated for fiscal year 1975—

(1) \$449,900,000 shall be available only for the relief and reconstruction of South Vietnam in accordance with section 806 of this Act;

(2) \$100,000,000 shall be available only for the relief and reconstruction of Cambodia in accordance with section 807 of this Act;

(3) \$40,000,000 shall be available only for the relief and reconstruction of Laos in accordance with section 808 of this Act;

(4) \$4,100,000 shall be available only for the regional development program; and

(5) \$16,000,000 shall be available only for support costs for the agency primarily responsible for carrying out this part.

(6) \$7,000,000 shall be available only for humanitarian assistance through international organizations.

Such amounts are authorized to remain available until expended.

Sec. 803. Assistance to South Vietnamese Children.

(a) It is the sense of the Congress that inadequate provision has been made (1) for the establishment, expansion and improvement of day care centers, orphanages, hostels, school feeding programs, health and welfare programs, and training related to these programs which are designed for the benefit of South Vietnamese children, disadvantaged by hostilities in Vietnam or conditions related to those hostilities, and (2) for the adoption by United States citizens of South Vietnamese children who are orphaned or abandoned, or whose parents or sole surviving parent, as the case may be, has irrevocably relinquished all parental rights, particularly children fathered by United States citizens.]

(b) The President is, therefore, authorized to provide assistance, on terms and conditions he considers appropriate, for the purposes described in clauses (1) and (2) of subsection (a) of this section. Of the funds appropriated pursuant to section 802 for fiscal year 1974, \$5,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section. *Of the sums made available for South Vietnam under section 802(1) of this Act for fiscal year 1975, \$10,000,000, or its equivalent in local currency, shall be available until expended solely to carry out this section.* Not more than 10 per centum of the funds made available to carry out this section may be expended for the purposes referred to in clause (2) of subsection (a). Assistance provided under this section shall be furnished, to the maximum extent practicable, under the auspices of and by international agencies or private voluntary agencies.

Sec. 806. Limitations With Respect to South Vietnam.

(a) *Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$1,274,900,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of South Vietnam. Of that amount, there shall be available during such fiscal year—*

- (1) \$700,000,000 for military assistance;
- (2) \$125,000,000 only to carry out the Agricultural Trade Development and Assistance Act of 1954; and
- (3) \$449,900,000 only for economic assistance, of which there shall be available—
 - (A) \$90,000,000 for humanitarian assistance, of which there shall be available—
 - (i) \$70,000,000 for refugee relief;
 - (ii) \$10,000,000 for child care; and
 - (iii) \$10,000,000 for health care;

(B) \$154,500,000 for agricultural assistance, of which there shall be available—

- (i) \$85,000,000 for fertilizer;
- (ii) \$12,000,000 for POL (for agriculture);
- (iii) \$6,000,000 for insecticides and pesticides;
- (iv) \$10,000,000 for agricultural machinery and equipment (including spare parts);
- (v) \$3,500,000 for agricultural advisory services;
- (vi) \$20,000,000 for rural credit;
- (vii) \$10,000,000 for canal dredging;
- (viii) \$4,000,000 for low-lift pumps; and
- (ix) \$4,000,000 for fish farm development;

(C) \$139,800,000 for industrial development assistance, of which there shall be available—

- (i) \$124,000,000 for commodities;
- (ii) \$10,000,000 for industrial credit; and
- (iii) \$5,800,000 for industrial advisory services (including feasibility studies);

(D) \$65,600,000 for miscellaneous assistance, of which there shall be available—

- (i) \$47,900,000 for the service sector (including POL, machinery, equipment and spare parts); and
- (ii) \$17,700,000 for technical services and operating expenses.

(b) (1) No funds made available under paragraph (2) or (3) of subsection (a) may be transferred to, or consolidated with, the funds made available under any other paragraph of such subsection, nor may more than 20 per centum of the funds made available under subparagraph (A), (B), (C), or (D) of paragraph (3) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any other such subparagraph.

(2) Whenever the President determines it to be necessary in carrying out this part, any funds made available under any clause of subparagraph (A), (B), (C), or (D) of subsection (a) of this section may be transferred to, and consolidated with, the funds made available under any other clause of that same subparagraph.

(3) The President shall fully inform the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate of each transfers he intends to make under paragraph (1) or (2) of this subsection prior to making such transfer.

(c) In computing the \$1,274,900,000 limitation on obligational authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, for, or on behalf of South Vietnam in such fiscal year by gift, donation, loan, lease, or otherwise. For the purpose of this subsection, 'value' means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of South Vietnam but in no case less than 33 1/3 per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of South Vietnam in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of South Vietnam for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of South Vietnam during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

(g) (1) Effective six months after the date of enactment of this section, the total number of civilian officers and employees, including contract employees, of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States present in South Vietnam shall not at any one time exceed four thousand, not more than two thousand five hundred of whom shall be members of such Armed Forces and direct hire and contract employees of the Department of Defense. Effective one year after the date of enactment of this section, such total number shall not exceed at any one time three thousand, not more than one thousand five hundred of whom shall be members of such armed forces and direct hire and contract employees of the Department of Defense.

(2) Effective six months after the date of enactment of this section, the United States shall not, at any one time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eight hundred individuals in South Vietnam who are citizens of countries other than South Vietnam or the United States. Effective one year after the date of enactment of this section, the total number of individuals whose compensation or allowance is so paid shall not exceed at any one time five hundred.

(3) For purposes of this subsection, 'executive agency of the United States Government' means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

(4) This subsection shall not be construed to apply with respect to any individual in South Vietnam who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in South Vietnam.

(h) This section shall not be construed as a commitment by the United States to South Vietnam for its defense.

Sec. 807. Limitations With Respect to Cambodia.

(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$377,000,000 during the fiscal year ending June 30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Cambodia. Of that amount there shall be available—

- (1) \$20,000,000 for military assistance;
- (2) \$77,000,000 only to carry out the Agricultural Trade Development and Assistance Act of 1954; and
- (3) \$100,000,000 only for economic assistance, of which there shall be available—
 - (A) \$20,000,000 for humanitarian assistance;
 - (B) \$63,000,000 for commodity import assistance;
 - (C) \$15,000,000 for multilateral stabilization assistance; and
 - (D) \$2,000,000 for technical support and participant training.

(b) No funds made available under paragraph (2) or (3) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under any other paragraph of such subsection, nor may more than 20 per centum of the funds made available under any subparagraph of paragraph (3) of subsection (a) of this section be transferred to, or consolidated with, the funds made available under any other such subparagraph.

(c) In computing the \$377,000,000 limitation on obligation authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel, or advisers provided to, or on behalf of Cambodia in such fiscal year by gift, donation, loan, lease or otherwise. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia but in no case less than 33 1/3 per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of Cambodia for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1974, a written report showing the total

amount of funds obligated in, to, for, or on behalf of Cambodia during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

(g) (1) The total number of civilian officers and employees of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such members while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred.

(2) The United States shall not, at any one time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eighty-five individuals in Cambodia who are citizens of countries other than Cambodia or the United States.

(3) For purposes of this subsection, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrument, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.

(4) This subsection shall not be construed to apply with respect to any individual in Cambodia who (A) is an employee or volunteer worker of a voluntary private, nonprofit relief organization or is an employee or volunteer worker of the International Committee of the Red Cross, and (B) engages only in activities providing humanitarian assistance in Cambodia.

(h) This section shall not be construed as a commitment by the United States to Cambodia for its defense.

[Sec. 655. Limitations Upon Assistance to or for Cambodia.

(a) Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$341,000,000 for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Cambodia during the fiscal year ending June 30, 1972.

(b) In computing the \$341,000,000 limitation on obligation authority under subsection (a) of this section in fiscal year 1972, (1) there shall be included in the computation the value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia in such fiscal year by gift, donation, loan, lease, or otherwise, and (2) there shall not be included in the computation the value of any goods, supplies, materials or equipment attributable to the operations of the Armed Forces of the Republic of Vietnam in Cambodia. For the purpose of this subsection, "value" means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Cambodia but in no case less than 33 1/3 per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(c) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Cambodia in any fiscal year beginning after June 30, 1972, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(d) The provisions of subsections (a) and (c) of this section shall not apply with respect to the obligation of funds to carry out combat air operations over Cambodia.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, for, or on behalf of Cambodia for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year, beginning with the fiscal year which begins July 1, 1971, a written report showing the total amount of funds obligated in, for or on behalf of Cambodia during the preceding quarter by the United States Government, and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose, except that in the case of the two quarters of the fiscal year beginning July 1, 1971, a single report may be submitted for both such quarters and such report may be computed on the basis of the most accurate estimates the President is able to make taking into consideration all information available to him.

(g) Enactment of this section shall not be construed as a commitment by the United States to Cambodia for its defense.】

【Sec. 656. Limitations on United States Personnel and Personnel Assisted by United States in Cambodia.

The total number of civilian officers and employees of executive agencies of the United States Government who are citizens of the United States and of members of the Armed Forces of the United States (excluding such members while actually engaged in air operations in or over Cambodia which originate outside Cambodia) present in Cambodia at any one time shall not exceed two hundred. The United States shall not, at any time, pay in whole or in part, directly or indirectly, the compensation or allowances of more than eighty-five individuals in Cambodia who are citizens of countries other than Cambodia or the United States. For purposes of this section, "executive agency of the United States Government" means any agency, department, board, wholly or partly owned corporation, instrumentality, commission, or establishment within the executive branch of the United States Government.】

* * * * *

Sec. 808. Limitations With Respect to Laos.

(a) *Notwithstanding any other provision of law, no funds authorized to be appropriated by this or any other law may be obligated in any amount in excess of \$70,000,000 during the fiscal year ending June*

30, 1975, for the purpose of carrying out directly or indirectly any economic or military assistance, or any operation, project, or program of any kind, or for providing any goods, supplies, materials, equipment, services, personnel, or advisers in, to, for, or on behalf of Laos. Of that amount, there shall be available—

(1) \$30,000,000 for military assistance; and

(2) \$40,000,000 only for economic assistance, of which there shall be available—

(A) \$11,000,000 for humanitarian assistance;

(B) \$6,500,000 for reconstruction and development assistance;

(C) \$16,100,500 for stabilization assistance; and

(D) \$6,400,000 for technical support.

(b) No funds made available under paragraph (2) of subsection (a) of this section may be transferred to, or consolidated with, the funds made available under paragraph (1) of such subsection, nor may more than 20 percent of the funds made available under any subparagraph of paragraph (2) be transferred to, or consolidated with, the funds made available under any other such subparagraph.

(c) In computing the limitations of obligation authority under subsection (a) of this section with respect to such fiscal year, there shall be included in the computation the value of any goods, supplies, materials, equipment, services, personnel or advisers provided, to, for, or on behalf of Laos in such fiscal year by gift, donation, loan, lease or otherwise. For the purpose of this subsection, 'value' means the fair market value of any goods, supplies, materials, or equipment provided to, for, or on behalf of Laos but in no case less than $3\frac{1}{3}$ per centum of the amount the United States paid at the time such goods, supplies, materials, or equipment were acquired by the United States.

(d) No funds may be obligated for any of the purposes described in subsection (a) of this section in, to, for, or on behalf of Laos in any fiscal year beginning after June 30, 1975, unless such funds have been specifically authorized by law enacted after the date of enactment of this section. In no case shall funds in any amount in excess of the amount specifically authorized by law for any fiscal year be obligated for any such purpose during such fiscal year.

(e) After the date of enactment of this section, whenever any request is made to the Congress for the appropriation of funds for use in, to, for, or on behalf of Laos, for any fiscal year, the President shall furnish a written report to the Congress explaining the purpose for which such funds are to be used in such fiscal year.

(f) The President shall submit to the Congress within thirty days after the end of each quarter of each fiscal year beginning with the fiscal year which begins July 1, 1974, a written report showing the total amount of funds obligated in, to, for, or on behalf of Laos during the preceding quarter by the United States Government and shall include in such report a general breakdown of the total amount obligated, describing the different purposes for which such funds were obligated and the total amount obligated for such purpose.

(g) This section shall not be construed as a commitment by the United States to Laos for its defense."

Sec. 809. Population, Narcotics, International Humanitarian and Regional Programs.

The provision of sections 806, 807, and 808 shall not apply to: (1) funds obligated for purposes of title X of chapter 2 of part I (programs relating to population growth); (2) funds made available under section 482 (programs relating to narcotics control); (3) funds made available under section 802(6) (humanitarian assistance through international organizations); or (4) funds obligated for regional programs.

Sec. 809. Transfer of Funds.

(a) The authority of section 610 of this Act shall not apply with respect to any funds made available to South Vietnam, Cambodia, or Laos.

(b) Any funds made available under any provision of this or any other law for the purpose of providing military assistance for South Vietnam, Laos, or Cambodia may be transferred to, and consolidated with, any funds made available to that country for war relief, reconstruction, or general economic development.

PART VI

Sec. 901. General Authority for Assistance to the Middle East.

The President is authorized to furnish assistance authorized by this Act, and to provide credits and guaranties authorized by the Foreign Military Sales Act. Any such assistance, credits, and guaranties shall be provided in accordance with all the provisions applicable to that type of assistance under this Act and applicable to credits and guaranties under the Foreign Military Sales Act.

Sec. 902. Allocations.

(a) Of the funds appropriated to carry out chapter 2 of part II of this Act during the fiscal year 1975, not to exceed \$100,000,000 may be made available for military assistance in the Middle East.

(b) Of the funds appropriated to carry out chapter 4 of part II of this Act during the fiscal year 1975, not to exceed \$667,500,000 may be made available for security supporting assistance in the Middle East.

(c) Of the aggregate ceiling on credits and guaranties established by section 31(b) of the Foreign Military Sales Act during the fiscal year 1975, not to exceed \$330,000,000 shall be available for countries in the Middle East.

Sec. 903. (a) Special Requirements Fund.

There are authorized to be appropriated to the President for the fiscal year 1975 not to exceed \$100,000,000 to meet special requirements arising from time to time in the Middle East for the purpose of providing any type of assistance authorized by part I of this Act, in addition of funds otherwise available for such purpose. The funds authorized to be appropriated by this section shall be available for use by the President for assistance authorized by this Act in accordance with the provisions applicable to the furnishing of such assistance. Such funds are authorized to remain available until expended.

(b) *The President shall keep the Committee on Foreign Relations and the Committee on Appropriations of the Senate and the Speaker of the House of Representatives currently informed on the programming and obligation of funds under subsection (a).*

(c) (1) *Prior to obligating any amount for a project in excess of \$100,000,000 from funds made available under this section, the President shall transmit a written report to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate on the same day giving a complete explanation with respect to such proposed obligation. Each report shall include an explanation relating to only one project.*

(2) *The President may make such obligation thirty days after the report has been so transmitted unless, before the end of the first period of thirty calendar days after the date on which the report is transmitted, a resolution is adopted disapproving the proposed obligation with respect to which the report is made.*

(3) *Paragraphs (4) through (11) of this subsection are enacted of Congress—*

(A) *as an exercise of the rulemaking power of the Senate and the House of Representatives, respectively, and as such they are deemed a part of the rules of each House, respectively, but applicable only with respect to the procedure to be followed in the House in the case of resolutions described by this subsection; and they supersede other rules only to the extent that they are inconsistent therewith; and*

(B) *with full recognition of the constitutional right of either House to change the rules (so far as relating to the procedure of that House) at any time, in the same manner, and to the same extent as in the case of any other rule of that House.*

(4) *For purposes of paragraphs (2) through (11) of this subsection, 'resolution' means only a concurrent resolution, the matter after the resolving clause of which is as follows: 'That the Congress does not approve the obligation for _____ and explained in the report transmitted to Congress by the President on _____, 19____', the first blank space therein being filled with the name of the foreign country or organization on whose behalf the obligation is to be incurred, and the other blank spaces therein being appropriately filled with the date of the transmittal of the report; but does not include a resolution specifying obligations for more than one proposed project.*

(5) *If the committee, to which has been referred a resolution disapproving a proposed obligation, has not reported the resolution at the end of ten calendar days after its introduction, it is in order to move either to discharge the committee from further consideration of the resolution or to discharge the committee from further consideration of any other resolution with respect to the same obligation which has been referred to the committee.*

(6) *A motion to discharge may be made only by an individual favoring the resolution, is highly privileged (except that it may not be made after the committee has reported a resolution with respect to the same proposed obligation), and debate thereon is limited to not more than one hour, to be divided equally between those favoring and those opposing the resolution. An amendment to the motion is not in order,*

and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(7) If the motion to discharge is agreed to, or disagreed to, the motion may not be renewed, nor may another motion to discharge the committee be made with respect to any other resolution with respect to the same obligation.

(8) When the committee has reported, or has been discharged from further consideration of, a resolution with respect to an obligation, it is at any time thereafter in order (even though a previous motion to the same effect has been disagreed to) to move to proceed to the consideration of the resolution. The motion is highly privileged and is not debatable. An amendment to the motion is not in order, and it is not in order to move to reconsider the vote by which the motion is agreed to or disagreed to.

(9) Debate on the resolution is limited to not more than two hours, to be divided equally between those favoring and those opposing the resolution. A motion further to limit debate is not debatable. An amendment to, or motion to recommit, the resolution is not in order, and it is not in order to move to reconsider the vote by which the resolution is agreed to or disagreed to.

(10) Motions to postpone, made with respect to the discharge from committee, or the consideration of, a resolution with respect to an obligation, and motions to proceed to the consideration of other business, are decided without debate.

(11) Appeals from the decisions of the Chair relating to the application of the rules of the Senate or the House of Representatives, as the case may be, to the procedure relating to a resolution with respect to an obligation are decided without debate.

(12) If, prior to the passage by one House of a concurrent resolution of that House, that House receives from the other House a concurrent resolution of such other House, then—

(A) the procedure with respect to the concurrent resolution of the first House shall be the same as if no concurrent resolution from the other House had been received; but

(B) on any vote on final passage of the concurrent resolution of the first House the concurrent resolution from the other House shall be automatically substituted.

THE FOREIGN MILITARY SALES ACT, AS AMENDED

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SEC. 3 (c) Except as otherwise provided in subsection (d), any foreign country which hereafter uses defense articles or defense services furnished such country under this Act, in substantial violation of any provision of this Act or any agreement entered into under this Act, shall be immediately ineligible for further cash sales, credits, or guarantees.

[(d) No sophisticated weapons, including sophisticated jet aircraft or spare parts and associated ground equipment for such aircraft, shall be furnished under this or any other Act to any foreign country on or after the date that the President determines that such country has violated any agreement it has made in accordance with paragraph (2)

of subsection (a) of this section or section 505(a) of the Foreign Assistance Act of 1961 or any other provision of law requiring similar agreements. Such country shall remain ineligible in accordance with this subsection until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not reoccur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned.】

(d) A country shall remain ineligible in accordance with subsection (c) of this section until such time as the President determines that such violation has ceased, that the country concerned has given assurances satisfactory to the President that such violation will not recur, and that, if such violation involved the transfer of sophisticated weapons without the consent of the President, such weapons have been returned to the country concerned.

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Sec. 22. Procurement for Cash Sales.

(a) Except as otherwise provided in this section, the President may, without requirement for charge to any appropriation or contract authorization otherwise provided, enter into contracts for the procurement of defense articles or defense services for sale for United States dollars to any foreign country or international organization if such country or international organization provides the United States Government with a dependable undertaking (1) to pay the full amount of such contract which will assure the United States Government against any loss on the contract, and (2) to make funds available in such amounts and at such times as may be required to meet the payments required by the contract and any damages and costs that may accrue from the cancellation of such contract, in advance of the time such payments, damages, or costs are due.

(b) The President may, when he determines it to be in the national interest, accept a dependable undertaking of a foreign country or international organization with respect to any such sale, to make full payment within 120 days after delivery of the defense articles or the rendering of the defense services. Appropriations available to the Department of Defense may be used to meet the payments required by the contracts for the procurement of defense articles and defense services and shall be reimbursed by the amounts subsequently received from the country or international organization to whom articles or services are sold.

(c) No sales of defense articles shall be made to the government of any economically developed country under the provisions of this section if such articles are generally available for purchase by such country from commercial sources in the United States.

【Sec. 23. Credit Sales.

The President is hereby authorized to finance procurements of defense articles and defense services by friendly countries and international organizations on terms of repayment to the United States Government of not less than the value thereof in United States dollars within a period not to exceed ten years after the delivery of the defense articles or the rendering of the defense services.】

Sec. 23. Credit Sales.

The President is authorized to finance procurements of defense articles and defense services by friendly foreign countries and international organizations on terms requiring the payment to the United States Government in United States dollars of—

- (1) the value of such articles or services within a period not to exceed ten years after the delivery of such articles or the rendering of such services; and*
- (2) interest on the unpaid balance of that obligation for payment of the value of such articles or services, at a rate equivalent to the current average interest rate, as of the last day of the month preceding the financing of such procurement, that the United States Government pays on outstanding marketable obligations of comparable maturity, unless the President certifies to Congress that the national interest requires a lesser rate of interest and states in the certification the lesser rate required, and the justification therefor.*

Sec. 24. Guaranties.

(a) The President may guarantee any individual, corporation, partnership, or other juridical entity doing business in the United States (excluding United States Government agencies *other than the Federal Financing Bank*) against political and credit risks of nonpayment arising out of their financing of credit sales of defense articles and defense services to friendly countries and international organizations. Fees shall be charged for such guaranties.

(b) The President may sell to any individual, corporation, partnership, or other juridical entity (excluding United States Government agencies *other than the Federal Financing Bank*) promissory notes issued by friendly countries and international organizations as evidence of their obligations to make repayments to the United States on account of credit sales financed under section 23, and may guarantee payment thereof.

[(c) Funds made available to carry out this Act shall be obligated in an amount equal to 25 per centum of the Principal amount of contractual liability related to any guaranty issued under this section, and all the funds so obligated shall constitute a single reserve for the payment of claims under such guaranties. Any funds so obligated which are deobligated from time to time during any current fiscal year as being in excess of the amount necessary to maintain a fractional reserve of 25 per centum of the principal amount of contractual liability under outstanding guaranties shall be transferred to the general fund of the Treasury. Any guaranties issued hereunder shall be backed by the full faith and credit of the United States.]

(c) *Funds made available to carry out this Act shall be obligated in an amount equal to 25 per centum of the principal amount of contractual liability related to any guaranty issued prior to July 1, 1974, under this section. Funds made available to carry out this Act shall be obligated in an amount equal to 10 per centum of the principal amount of contractual liability related to any guaranty issued after June 30, 1974, under this section. All the funds so obligated shall constitute a single reserve for the payment of claims under such guaranties, and only such of the funds in the reserve as may be*

in excess from time to time of the total principal amount of contractual liability related to all outstanding guaranties under this section shall be debilitated and transferred to the general fund of the Treasury. Any guaranties issued hereunder shall be backed by the full faith and credit of the United States.

(d) The President may guarantee under this section only those payments for any defense article or defense service which are due within ten years after that defense article is delivered or that defense service is rendered, except that such guaranty may be made for not more than twenty years if the President certifies to Congress that the national interest requires that the period of guaranty be longer than ten years, and states in the certification the country or international organization on whose behalf the guaranty is to be made, the period of the guaranty, and the justification for the longer period.

CHAPTER 3—MILITARY EXPORT CONTROLS

Sec. 31. Authorization and Aggregate Ceiling on Foreign Military Sales Credits.

(a) There is hereby authorized to be appropriated to the President to carry out this Act not to exceed ~~[\$325,000,000 for the fiscal year 1974]~~ \$405,000,000 for the fiscal year 1975. Unobligated balances of funds made available pursuant to this section are hereby authorized to be continued available by appropriations legislation to carry out this Act.

(b) The aggregate total of credits, or participations in credits, extended pursuant to this Act and of the principal amount of loans guaranteed pursuant to section 24(a) shall not exceed ~~[\$730,000,000 for the fiscal year 1974]~~ \$872,500,000 for the fiscal year 1975, of which amount not less than \$300,000,000 shall be available to Israel only. Of the funds made available under subsection (a) of this section, \$100,000,000 shall first be obligated with respect to financing the procurement of defense articles and defense services by Israel under section 23 of this Act, except that Israel shall be released from contractual liability to repay the United States Government for the defense articles and defense services so financed.

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FOREIGN ASSISTANCE ACT OF 1973

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POLITICAL PRISONERS

SEC. 32. It is the sense of Congress that the President should deny any economic or military assistance to the government of any foreign country which practices the internment or imprisonment of that country's citizens for political purposes. Commencing with respect to 1974, the President shall submit annually to the Speaker of the House of Representatives and the Committee on Foreign Relations of the Senate a written report setting forth fully the steps he has taken to carry out this section.

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TITLE 22.—FOREIGN RELATIONS AND INTERCOURSE

GORGAS MEMORIAL LABORATORY

Sec. 278. Gorgas Memorial Laboratory; Location, Acceptance of Funds From Latin American Countries or Other Sources.

There is hereby authorized to be permanently appropriated for each year, out of any money in the Treasury not otherwise appropriated, the sum of not to exceed ~~["\$500,000"]~~ *\$1,000,000* to be paid to the Gorgas Memorial Institute of Tropical and Preventive Medicine, Incorporated (hereinafter referred to as the Gorgas Memorial Institute), for the maintenance and operation by it, of a laboratory to be known as the Gorgas Memorial Laboratory, upon condition (1) that the necessary building or quarters for said laboratory shall be constructed within the five years next ensuing after sections 278 to 278b of this title shall become a law, either upon the site offered by the Republic of Panama therefor, at, or adjacent to, the city of Panama, or upon a site in the Canal Zone to be provided by the United States; and (2) that the said Gorgas Memorial Institute be, and it is, authorized within its discretion, henceforth to accept from any of the Latin American Governments, or from any other sources, any funds which may be offered or given for the use of the Gorgas Memorial Institute for the maintenance and operation of the Gorgas Memorial Laboratory, and for carrying on the work of said Laboratory wherever deemed by the said Institute to be necessary or desirable.

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